

A USEFUL LOOK AHEAD FROM WASHINGTON

FEBRUARY 1970

Nation's Business

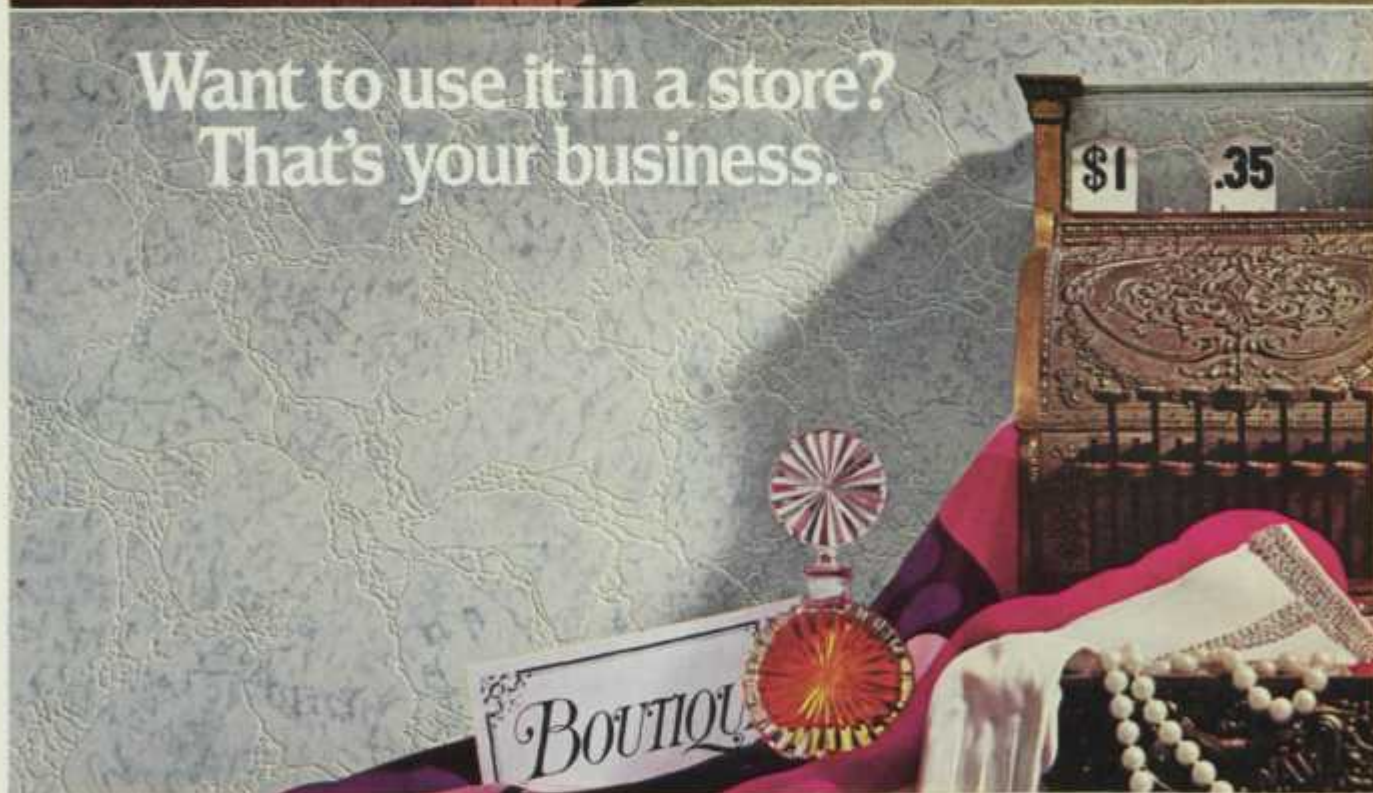
HOW TO WIN
AT THE
BARGAINING
TABLE





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Nation's Business

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Cover photo: William A. Graham

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MEMO FROM THE EDITOR

NATION'S BUSINESS
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OF THE
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WASHINGTON, D.C.
20006



Mr. Booth with President Nixon.

You've no doubt read and heard that 1970—even the decade of the Seventies—will be a time of unusual labor-management strife.

A great many major contracts are up for renegotiation this year, and already the unions have announced some astronomical demands.

The big disputes, of course, hit the headlines, but the way they're settled spreads waves through the whole economy. And every businessman, large or small, will feel the effects. The unions are militant right now, make no mistake about that. Sometimes their leaders can't even sell proposed settlements to the rank and file.

At the same time the inflation threat has government urging businessmen to stiffen their backbones and resist unreasonable wage demands.

Seems like an impossible dilemma, doesn't it? I'm in favor of stiff backbones, too, but I think another thing that can be helpful is knowledge of the techniques and strategies that can make points for you at the bargaining table.

Associate Editor Walter Wingo, who has specialized in labor-management relations for *Nation's Business*

for years, has prepared a set of guidelines you might want to use when you confront your union negotiators. You'll find his advice beginning on page 38.

• • •

As the labor-management debate escalates, you may be hearing a new full-time spokesman giving the authoritative views of American business on that and other national issues. That's a new role being assumed by Arch N. Booth, executive vice president of the Chamber of Commerce of the United States.

The National Chamber president, of course, will also continue to act as a spokesman, but the day-to-day permanent responsibility will be Mr. Booth's. He'll be interpreting the Chamber's action on issues, explaining its programs and making clear that its approach to today's problems and its techniques for solving them are both realistic and progressive.

You'll be hearing and seeing a lot about Mr. Booth as your spokesman in the future.

Jack Woodridge

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BUSINESS DRAMA DESERVES A LETTERS LARGE AUDIENCE

- The series "Great Moments and Great Men of American Business" [January] makes very interesting reading.

How I would like to be able to lay down 95 cents (usual price of a paperback novel today) and take along a compact little edition of these true stories to read at leisure during travel periods. Nonfiction has always fascinated me because of the truth represented.

The drama of business needs to be told over and over again. Regardless of what the generation gap means or involves, the people of this country do need private enterprise and they do need big business and industry and all the fine progress—to say nothing of the full dinner pail—they bring.

ARTHUR F. JOY
Media Specialist
Goodman Tice & Huber Co.
Akron, Ohio

[Editor's Note: The series is being published in booklet form.]

- "Great Moments and Great Men of American Business": fascinating, interesting, educational. It is the best feature on American business that I have ever read.

GENE WORTSMAN
Editor and Publisher
Walter House Newsletter
Washington, D. C.

Something for the girls

- "Here Come the Girls" [December] was just terrific. It really hit hard at a subject that we have been dancing around for some time. Congratulations!

J. WILLIAM GARDAM JR.
Associate Director, Marketing
The Prudential Insurance Co. of America
Newark, N. J.

- It was with great interest that I read "Here Come the Girls" and I hope it is only the forerunner of other articles along this vein.

Of course we know we are here to stay, but it is nice to have you reaffirm that fact to the males in such an interesting and well-documented article.

KATHRYN L. CLAY
Regional Director
National Association of Women in Construction
Santa Ana, Calif.

- Your article on working women was quite a pleasant contrast to the feminist article appearing in another magazine this month.

GLORIA HANSEN
Director
Home Economics-Consumer Services
National Consumers Association
Washington, D. C.

Stop the confusion

- Re "Slicing the Federal Tax Pie" [December]. How does it happen that so little consideration is given to the

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Today it's blue pin stripes.

You may think that's no way to run a thriving business.

And you're right. But too often that's just what happens.

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System/3 is IBM's small business computer.

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Like what's selling.

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Which can make life a lot easier.

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Or a quarterly statement on profit and loss.

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Call your IBM representative about it.

It'll manage the paperwork.

While you manage the business.

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Business Climate in New York: Fair and Clear

Governor Rockefeller believes strongly that economic growth is the indispensable ingredient of all progress.

He says, "It is a fundamental objective of my administration to improve the business climate so as to generate economic growth—more business, more profits, more payrolls and more jobs."

The newest tax benefit for business in New York is a corporate franchise tax deduction of one per cent for investments in new, expanded or modernized manufacturing or research facilities. For example: a \$100,000 tax credit on a \$10 million investment. (In New York there is NO state or local tax on personal property, such as machinery, equipment and inventories.)

More than 7,000 major new plants and major industrial additions rose in New York State in the past 11 years. One good reason is that business tax collections have gone up far less in New York State since World War II than in any other industrial state.

In New York, the increase was 186%. The average for all states was 465%. Michigan had the highest increase, 971%. Connecticut, Ohio, Indiana, Illinois and California all had higher than average increases.

We invite comparisons. Find out how state and local taxes in New York compare with those in other industrial states. Fill in and mail coupon today.

Commissioner Neal L. Moylan
New York State Department of Commerce
112 State Street (Room 139)
Albany, New York 12207

Dear Mr. Moylan:

Please mail to me at once, free of charge and with no obligation on my part, brochures on tax advantages for business, plant financing, and industrial location services in New York State.

☐ Check here if you'd also like special tax comparison study for your business.

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LETTERS

continued

possibility, and advisability, of going to the root of the problem and getting the federal government out of the portion that is to be handled by the state? What possible good can come of sending dollars to Washington to be then returned to the various states? After being somewhat lessened in value, of course, by the unavoidable expense of handling these funds in their trip to Washington and return.

It would seem that there is a determined effort to make things as complicated as possible, when the true objective should always be to reduce any problem to the most basic state and then determine the most simple and direct solution. Let's not have any of those ethereal and high-sounding excuses that "it just won't work in this complicated situation."

For the sake of the poor bloke who has to pay for this little party, let's try to solve the problem instead of just making it bigger. Let the states collect their own taxes and handle their own taxes without the federal government telling them how.

GORDON T. PETERS

President
Farmers & Ranchers Lumber Co.
Mullis, Mont.

Taking issue on issues

The two most important issues affecting business, and most crucial in the eyes of most people, are inflation and defense spending—neither of which appeared on the list in Robert Gray's otherwise informative article, "The Crucial Business Issues Facing Congress" (December).

Perhaps he assumes the issues are resolved and Congress can ignore them. But that would be dreaming. The actions of Congress, regardless of what President Nixon does, will have enormous effect on both issues.

ROBERT L. BEYER
Bughin, N. Y.

Things that are ours

Your editorial on "Matching the Reds" (December) again proves that good things come in small packages.

In such a few words you have made a point of which we so frequently lose sight. So many of us spend so much time and effort on the "theirs" of this

world that we forget, and therefore take the risk of losing, those things which are "ours."

EDWARD D. SAWYERS

Business Market
Development Officer
Seattle-First National Bank
Seattle, Wash.

The editorial suggesting that we spend less time worrying about the Soviet system supports the argument that the Soviets are not "overtaking" us with such out-of-context statements as that they have only 40 per cent of the U. S. steel mill capacity. The Russians are now the world's top tonnage steel producer, with a steady growth curve.

D. R. MACRAE

Bethlehem, Pa.

I draw your attention to the statement, "Maybe we should spend less time worrying about their system and concentrate on preserving ours." I find the use of the word "preserving" to be most unfortunate. To me, "preserving" brings visions of mummies, mounted stuffed fish, pickles in a jar and sauerkraut. I do not honestly feel that NATION'S BUSINESS truly wishes to "preserve" the American society. To do so would be to halt our society in mid-development, infuse some form of embalming fluid and put it on a plaque to adorn the walls of someone's den.

I sincerely feel that a good deal of the schism between generations can be laid at the feet of those who wish to "preserve" our society instead of capitalizing on our many blessings and advantages to catapult our nation forward in a truly dynamic, ever-changing and innovative manner.

RICHARD L. ELDRIDGE

Assistant Executive Director
National Asphalt Pavement Association
Riverdale, Md.

While your editorial properly points out the fact that our economy is far better than the Soviets', it is what you've left out that worries me. You don't mention, for example, that basically, Russia started much later than we did.

While I agree that we should stop being negative I do think that in addition to being positive we should be constantly "looking over our shoulder" at what the opposition may be doing.

GORDON E. DOULE

President
Gordon E. Doule Corp.
Detroit, Mich.

EXECUTIVE TRENDS

By John Costello
Associate Editor

EUROPE ON A SHOESTRING

- PRICE TAG FOR M.B.A.'S
- WRITE—OR CALL?
- CHECKING ON CHECKS
- FRONT-RUNNING MUTUALS

Paris in the spring— or Rome or Madrid?

"Europe? Forget it. My trip went down the drain last year with the Dow-Jones Industrial Average."

If those are your sentiments these days, don't throw in the towel. Europe's a possibility despite what happened to you on Wall Street.

Pan American World Airways, Inc., has a raft of helpful hints on how to cut corners.

You'll find them in its 28-page "Dictionary of Low Cost Travel."

For example, you might tour by car, after your ocean hop. Pan Am points out that you can buy most small European cars over there for about \$350 less than here.

Firms like Europe by Car, Auto-Europe, ShipSide Car Delivery or The Kemwel Group, all of New York, N. Y., can line you up. But allow about three months if you want a specific color or model.

For \$3, you can get an International Driving Permit. Your local American Automobile Association club—or AAA's International Travel Service, New York—can take care of this. For the fee, you get what amounts to a translation of your U. S. driver's license in nine different languages. It's good in most countries you'll want to visit.

How about money?

Take some travelers checks, Pan Am suggests. They're cheap and safe. You can cut lodging costs, too. Ask

your travel agent where to stay, Pan Am advises.

"Clean, quiet rooms with good service and one or two meals a day are available practically anywhere for \$7 to \$8 a day," it says. Provided you don't insist on the best-known, most popular hotels.

You might even try house-swapping. You may be able to do it yourself by placing an ad. Or, Pan Am suggests, you can contact agencies that arrange swaps, like Vacation Exchange Club, Inc., New York; Holiday Exchange Bureau, Grants, N. Mex.; Vacation Home Exchange, Inc., Greenwich, Conn.

Right now, low off-season fares are in effect to Europe or the Orient.

The price tag is bigger

Planning to hire some M.B.A.'s this spring?

Then you'd better take the rubber band off your wallet.

M.B.A.'s may come higher than ever, one highly regarded survey suggests.

Dartmouth College's Amos Tuck School of Business Administration

We'd like to give you a Snow Job

In Treasure Chest Land we have arranged with nature so you can have your cake and eat it too. We get all kinds of snow in our high mountains (where we've strategically located numerous ski resorts). But minutes away, down in the valleys, we don't get so much. Just enough to remember it's winter. And come March and April, we'll give you a special treat. Ski in the morning, then play golf in 65 degree temperatures in the afternoon. It makes a fascinating day.

Fascinating days of fun are what keep people happy and enthusiastic in Treasure Chest Land. Maybe that's why one new manufacturer reports labor productivity up 2 to 3 times over his previous location.



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Utah Power & Light Co.

EXECUTIVE TRENDS

continued

annually checks on the starting salaries of its M.B.A. graduates. Last year, the median figure was \$13,400—a 16.5 per cent jump over the year earlier. (Top offer in 1969 was \$18,000.)

The rate of climb last year was steeper than it had been.

In 1966, median starting salaries

were \$9,700, up 9.5 per cent over a year earlier. In 1967, they were \$10,600, up 10 per cent, and in 1968, \$11,400, up 9.5 per cent.

Top jobs are going to M.B.A.'s with job experience as well as book learning.

"Previous business experience outweighs all other factors," a Tuck School spokesman says, "in landing higher than average salary offers."

In a Northwestern University survey, starting salaries for M.B.A.'s lead those of all other professions—including engineering. Northwestern

forecasts 1970 starting salaries of \$12,060 for engineers with a master's degree; \$11,976 for accountants and \$10,992 for masters in other fields.

Saying "Dear Sir" now costs \$3.05

That's 31 cents more than the average, dictated business letter cost last year.

Here's how The Dartnell Corp., Chicago, Ill., breaks that figure down:

Stenographic expense	\$.96
Overhead	.76
Lost motion	.25
Mailing	.16
Filing	.12
Materials	.08
Dictating time	.72
TOTAL:	\$3.05

Dictating time, Dartnell says, accounts for almost half the rise.

"We used to figure that the average letter was dictated by a \$10,400-a-year junior executive to a \$110-a-week secretary," a spokesman says. "Today, the manager who dictates averages \$13,000 a year."

"Junior executives on the \$10,400 level usually don't have use of a secretary."

Here's how the cost of the average letter has grown, Dartnell says: In 1960, \$1.83; in 1962, \$1.97; in 1964, \$2.32; in 1966, \$2.44 and in 1968, \$2.54. Last year, it was \$2.74.

How can you beat the rap? Try dictating equipment—or the phone.

Taken to the cleaners by a paper-hanger?

You're lucky if you haven't been.

Each year, "paper-hangers"—bad check artists—fob off \$17 billion worth of phony checks on business firms. The annual loss—more than \$1 billion!

Capital National Bank of Miami, citing these statistics, offers some advice on how to foil the would-be fleecer.

"Make sure the check-casher has positive identification," bank president Theodore A. Davis Jr. says.

"Take a good, hard look at his signature. If there's any doubt about it, insist he re-endorse the check on the spot."

Other precautions:

- Make sure written and figure amounts agree.
- Refuse to accept checks that have any signs of erasures or alterations.

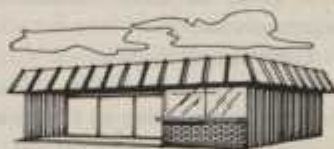


The same easy-up, basic building gives you unlimited design possibilities.

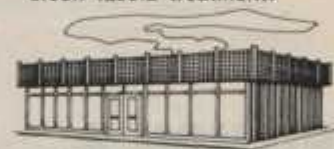
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Add bricks or batt it . . . give it a wooden shingle bonnet . . . choose a gleaming sweep of glass . . . or keep it plain, utilitarian. It's the go anywhere, do anything building for unnumbered uses. Looks together in days on a tight budget. Sturdy bolt-together steel panels make walls and roof . . . no studs or posts. Your choice of many colors. A special rubber-sealer between every seam keeps it weathertight. Many sizes. Moderate on-site labor tailors it to your taste. Treat it tender. Or be a tyrant. You'll still get years of carefree, low-cost occupancy. See how well it fits your plans. This coupon brings you the complete story.



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monolithic . . . cut stone flanks the entry.



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Behlen's Convex Roof buildings offer clear spans up to 200 feet. Lots of low-cost space . . . fast!



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Send information on Behlen Buildings.

Approximate size _____ Use _____

Name _____

Address _____

Town _____ State _____ Zip _____

- Don't take stale checks, over six months old.
- Be sure the check is really that—and not a record voucher or advertising item.

• Insist on good identification. Driver's license; auto registration; ID cards from employer, local police or university; or a passport.

"Don't accept Social Security cards for identification," the Florida banker advises.

"Ditto for Selective Service or club membership cards."

Even experienced bank tellers can be hoodwinked.

"A crook armed with a ball-point pen and a piece of paper can cause a bank more havoc than an embezzler or a desperado armed with a gun," Harold W. Wallgren, vice president, Philadelphia National Bank, told colleagues at a recent Bank Administration Institute convention.

Holdups, he said, cost banks about \$8.9 million a year, and employee embezzlement about \$11.2 million.

"External fraud losses for banks come to an estimated \$400 million," he added.

When the paddy wagon pulls up to the door

Some mutual funds made money last year—but not many.

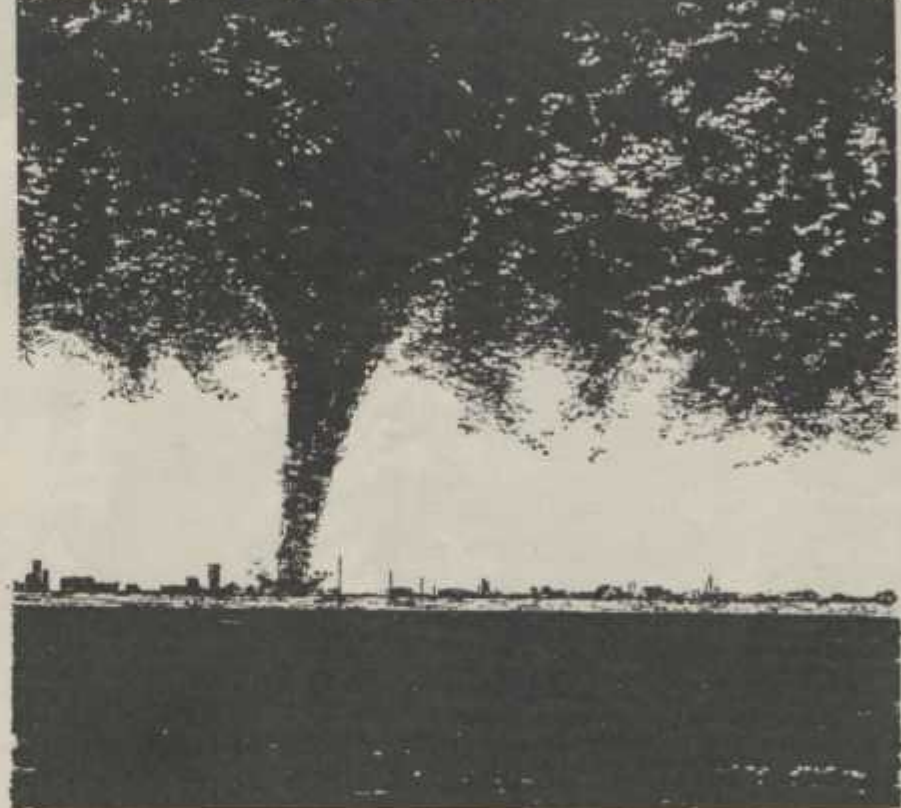
For example, of the 376 funds the Arthur Lipper Corp. monitored for the full year, only 19 turned a profit. The others' losses averaged 14.5 per cent—a little less than the Dow-Jones Industrial Average's 15.9 per cent drop. Of the 221 funds Kalb, Voorhis & Co. surveys, in the last six months of last year these performed best:

Assets in millions	Per cent increase
\$317.4 Manhattan Fund	23.0
\$5.6 Investors Research Fund	17.5
\$288.4 Putnam Investors Fund	17.1
\$12.3 Steadman American Industry Fund	11.5
\$143.4 Rowe Price New Horizons Fund	11.4
\$14.7 Stein Roe & Farnham Opportunities	11.0
\$16.4 Scudder Int'l Investment, Ltd.	10.8
\$116.3 Lexington Research Investing	10.4
\$76.1 Colonial Growth Shares	10.1
\$821.1 Fidelity Fund	10.0
\$15.9 First Sierra Fund	10.0

Assets are as of June 30, 1969.

The funds' performance in a falling market recalls an old Wall Street saying: "When the paddy wagon pulls up to the door, everyone's hauled down to the station."

Could your receivables become a disaster area?



Beware the sudden, unexpected blow. An important customer's insolvency or delinquency could demolish your working capital... smash your profit to smithereens. Before that happens, take cover. Get the broad, low-cost coverage of American Credit Insurance®. It guarantees the value of your receivables. If you'd welcome such a storm cellar, remember: We've been building them since 1893.

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PANORAMA

of the nation's business

By
Vernon Louviere
Associate Editor

Fine Feelings About a Refinery

"You'd hardly know the refinery was there," said the mayor of Benicia, a little city near San Francisco.

When Humble Oil & Refining Co. built the refinery recently, it spent an extra \$10 million to make it as unheard, unsmelled and generally as unobtrusive as possible.

The mayor's words are underscored by an ad showing two Benicia housewives chatting over a backyard fence, oblivious of the presence of the nearby refinery. How the ad was conceived is a story in itself. E. G. Collado, executive vice president of Standard Oil Co. (New Jersey), Humble Oil's parent organization, told it to *Nation's Business*.

About three years ago the company interviewed a small but important group of people in government, politics, education and communications. Two basic questions were asked:

- What are the problems that society must deal with now, if tomorrow



The neighbors don't mind this new Humble Oil refinery.

is going to be better than today?

- What do you think of Jersey Standard's performance in helping to solve these problems?

"We found that there is an almost universal concern for what is happen-

ing to our physical environment," Mr. Collado says. "Air pollution. Water pollution. Ugliness. Noise. The rape of the land. The destruction of wildlife.

"Among the other concerns that played back strongly were the need for more and better and different education, for population control and for ways to feed the world; and the problems brought about by new technologies.

"As for my company's performance in the arena of these problems, we found little or no specific knowledge of what Jersey is doing. And, believe me, it is doing a great deal. So we decided to tell the people. Hence our advertising campaign."

By the way, Benicia's citizens have extra reasons to be happy about their new refinery. It has quintupled the city's tax base, permitting a cut in local tax rates and giving Benicia funds for a new source of water and a new youth center. The high school has a new gymnasium, new classrooms and more teachers making more money. And the band is getting new uniforms at last.

Grime Doesn't Pay, but Clean Air Does

It was the kind of situation that has confronted many industrial plants, and the answers didn't come easily.

The Moline Malleable Iron Co. foundry at Belvidere in upstate Illinois was polluting the air with its waste gases and the townspeople along the Kishwaukee River weren't happy about it. Neither was the company.

"We recognized that we had a problem in Belvidere even before public pressure to stop the pollution started to build," recalls Dort Fauntleroy, president of Moline Malleable. "We conscientiously tried to eliminate the air pollution by equipping the foundry with pollution control devices. Unfortunately, they were not as efficient as we hoped, so we

continued our efforts." Noxious gases were still drifting out over the countryside. A middle-class residential subdivision just across the Kishwaukee was catching the full brunt of the pollution when the wind was right. A concerned City Council was getting restless.

"We actually had a twofold goal," Mr. Fauntleroy says. "Illinois was adopting stringent codes for air pollution control. We not only wanted to meet the state requirement but surpass it with a collection efficiency that would virtually end pollution of Belvidere's air by the foundry."

Moline Malleable called in Fecor Industries, Ltd., of York, Pa., to see what it could do. Fecor installed a new-type scrubber system that was able to reduce particle discharge well below the stringent limits of the Illinois pollution code.

Recently, the foundry opened its doors to Belvidere's 13,000 residents to demonstrate its success in curbing pollution in the community.

Visitors found that the plant not only had ceased to pollute the air but that the equipment installed by Fecor was recycling the water used by the foundry in such a way that the separated pollutants could not seep into the nearby river.

Said State Rep. Lester Cunningham: "This has to be one of the finest examples in the country of industry, city and state working together on an air pollution problem."

But nobody was more pleased than the parishioners at the nearby Presbyterian church who, a short time earlier, had gone to considerable expense steam-cleaning the church to remove an accumulation of grime.

continued on next page

Woolworth Helps Give Downtown Its Ups

Not many business firms, burned out in vicious rioting, follow the legendary phoenix and rise from their ashes.

Among the exceptions is the F. W. Woolworth Co., which has just reopened a store on the site of a building set aflame during the 1968 rioting in the nation's capital.

The new store, located on the fringe of one of Washington's teeming ghetto sections, is one symbol of business concern with needs of Negro neighborhoods. It was rebuilt by predominantly black construction workers, and is staffed largely by black employees recruited in the area.

Woolworth's determination to gamble on the future of the center city is even more strongly demonstrated by its decision to build the world's largest Woolworth in what was a dying section of downtown Boston. A nine-story, \$6.8 million showplace Woolworth now nearing completion is part of a massive revitalization program in which 30 new buildings worth \$260 million are going up.

"The decline of the downtown area of America's cities need no



F. W. Woolworth Co. recently reopened in this location, where it was burned out during 1968 riots in the nation's capital.

longer be considered an inevitable, continuing socioeconomic fact," says Lester A. Burcham, president of F. W. Woolworth. "This decision to return to downtown Boston with our largest store in history is fully as bold a move as the one most major retailers took when they started their exodus to the suburbs in the late 1950's."

What Woolworth is doing in Washington and Boston, as well as many other cities, is a reflection of the company's policy of trying to live up to the responsibilities of business on levels that transcend merchandising.

Mr. Burcham, a member of Presi-

dent Nixon's Advisory Council for Minority Enterprise, has said:

"We must have a society in which every citizen can contribute to his, and the nation's, economic betterment. It is the only environment in which the free enterprise system can attain its full potential."

Not only does Woolworth have a rigid policy of nondiscriminatory hiring, but it has increased its purchases of products manufactured by black entrepreneurs. An increasing amount of consumer goods sold by Woolworth across the nation is produced by companies owned and operated by blacks.

Producing Cars— and Good Citizens

A visitor watching new cars roll off the line at General Motors' Pontiac plant near Detroit would not suspect that some production workers are in a class by themselves. They're convicts.

The Pontiac Motor Division has launched a rehabilitation program in conjunction with the Michigan Department of Corrections which it believes will reap long-range social benefits.

It has hired eight convicts, all scheduled to be released in a few months, who draw regular union wages and live in a minimum security institution at nearby Camp Pontiac.

A unique feature of the program is that each worker will be able to keep his job after he is paroled, since his home is in the Pontiac, Mich.,

area. Similar programs have been in effect in the auto industry for some time but most convicts have to quit their jobs when they are released and paroled to their home community.

"It is our belief that this program is another positive way to demonstrate our willingness to become further involved in bettering this community," says F. James McDonald, Pontiac's general manager and a General Motors vice president.

"Since the people we are hiring will automatically be paroled in Oakland County, it is our hope that offering them meaningful employment will provide the necessary link for them to make a smoother transition to becoming stable citizens."

An older work-pass program, Operation Opportunity, was started in 1967 under former Pontiac General Manager John Z. De Lorean, now head of Chevrolet. Designed to give

jobs to ex-convicts and underprivileged people, it has found employment for some 600, about a fourth of them former prisoners.

Money earned by the convicts in the new program is held in a special state account until they are paroled. Small amounts can be withdrawn, however, to buy lunches, tobacco, confectionery products and clothing. But the prisoners have to send part of their wages to dependents they are required to support.

"All too often a man in prison has a family on relief and debts pile up while he serves his sentences," says Gus Harrison, director of the Michigan Department of Corrections.

"When he returns home he has financial problems, employment problems and personal adjustment problems. The work-pass program is aimed at helping him overcome these problems and at keeping him from becoming a repeater."



"We appreciate the extra efforts of Inland-Ryerson!"

Mr. Robert Ballard,
Vice President of Operations,
Diversified Metals Corp.,
Hazelwood, Missouri



When we asked Robert Ballard what his company thought of the four Inland-Ryerson buildings they own, he said:


"We like their quality and find them attractive, functional and economical. This systems approach really gets the building up in a hurry—and time is money to us. The Inland-Ryerson building specialist was great—very capable and conscientious. He provided the design and engineering and we figure that alone saved us considerable time and money."

Inland-Ryerson systems have been providing profitable answers to building problems for years. Talk to the Inland-Ryerson specialist near you. Look him up in the yellow pages under "Buildings-Metal" or mail in the coupon for a colorful idea kit. If it's urgent, Wire us collect, using the coupon as a telegraph form.

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Take our Palmer® tissue. It's the most absorbent single ply tissue you can buy.

Test it yourself. Fold two sections of tissue (yours and ours) into one-inch squares. Then drop them from equal heights into a pitcher of water.

The one to sink below the surface first is the most absorbent. Our bet's on the Fort Howard tissue.



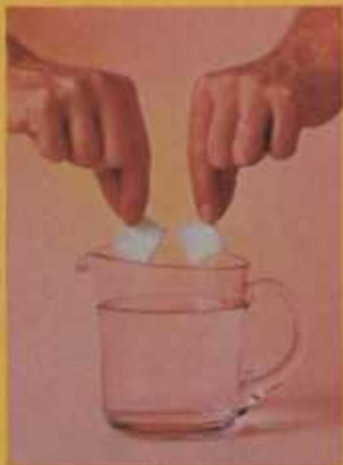
What absorbency means to you. Nobody is going to notice absorbency. Except perhaps you.

And what you'll notice is that our tissue goes just a little bit further. Because people use just a little bit less.

It probably won't be much less, but when you add it up over a year, it's enough to make a big difference. Isn't that worth a test?

Need a pitcher? Write us on your business letterhead and we'll send one of our men over with a "Prove We're All Wet" test kit.

It contains a pitcher and a sample of Palmer® tissue. Everything you need to make the test. Except the water.



Fort Howard Paper

Green Bay, Wisconsin 54305



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as Fort Howard's.**



Our Corvette weighs in at about 3,300 pounds.

Our new Titan 90 tilt—loaded to its GCW capacity—at 76,800 pounds.

About as far apart as two pieces of road machinery can get. But there's one strong family tie. When it comes to doing what they're cut out to do, nothing out-performs them.

The hard-nosed perfectionists who've built Chevrolet's reputation for engineering leadership have seen to that. With Corvette, they wouldn't settle for anything

less than America's only purebred production sports car.

With the Titan 90 tilt, they've brought space-age efficiency to heavy-duty hauling. Take a look at the control setup inside its "command module" sometime.

And the same kind of know-how shows up in the rest of the '70 Chevy Movers we've got on hand to do about any job you name.

Pickups. Vans. Tilts. Conventionals. Two-or 4-wheel-drive Blazers.

You get the kind of on-the-job

performance that has put more Chevrolets on the road than any other make. And *keeps* them there longer, as independent records of truck scrappage rates show.

We don't know how many Chevy truck drivers and Corvette buffs wave to each other. But we really can't think of any reason why they shouldn't.



Putting you first, keeps us first.

We cater to performance buffs.



SOUND OFF TO THE EDITOR

SHOULD MARIJUANA PENALTIES BE LIGHTENED?

Would the country—forgive the pun—go to pot if the law were less severe about marijuana? Or would there be more respect for the law, and less injustice?

The federal and state governments treat marijuana violations as felonies, and punishment is rough. For a first offense of possessing the drug, the federal penalty is two to 10 years. The National Commission on Causes and Prevention of Violence notes that in some states, the punishment for an adult who sells to a minor is death.

There's been national publicity about a "pot"-smoking former University of Virginia athlete with a fine prep school record who got 20 years for toting marijuana to pals. (Virginia's governor gave him a pardon.)

Despite the penalties, use of marijuana as an intoxicant—which began in the U. S. in the 20's—soared in the 60's, particularly among the young.

A Senate subcommittee says eight million to 10 million Americans "have at least experimented with the drug."

How dangerous is marijuana? Dr. James L. Goddard, former U. S. Food and Drug Administration commissioner, says it does not produce addiction as narcotics do, though there's danger of continually turning to it instead of facing life's problems. It's the drug first tried by most U. S. heroin users, he concedes, but "there is nothing inherent in it to cause people to switch to the addictive, more potent drugs." (The Bureau of Narcotics, though, points out marijuana buyers will be in contact with sellers of those other drugs, and more susceptible to the "drug culture.")

Its long-term effects on the body and on reproduction aren't known. And many psychiatrists fear it can sometimes cause grave mental ills.

The Public Health Service has

launched a study of the drug which will take many months.

Meantime, the Administration has asked easing of the penalty for a first possession offense, making it a misdemeanor, punishable by no more than a year in prison. (The Bureau of Narcotics is against a similar break for sellers.)

The commission on violence says present penalties are a "classic example" of "overcriminalization"—treating as a serious crime something "a substantial segment of the community does not regard as a major offense. . . . The resulting hypocrisy of all concerned diminishes respect for the law."

Others argue that you don't fight a spreading fire by switching to a smaller hose—that easing penalties would make marijuana use even more widespread.

What do you think? Should marijuana penalties be lightened?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should marijuana penalties be lightened?

☐ Yes ☐ No

Comments:.....
.....
.....
.....
.....
.....

Name and title.....

Company.....

SOUND OFF RESPONSE

TRUSTING THOSE UNDER 30

By an overwhelming majority, NATION'S BUSINESS readers who took the opportunity to "Sound Off to the Editor" last month stood up for the younger generation, answering with a resounding "No" the question: "Is today's youth really worse?"

"Certainly not!" wrote H. E. Ransford, who is president of the H. E. Ransford Co. of Pittsburgh, Pa. "Today's young people will be the salvation of this tired old world."

His feelings summed up those of the majority of readers responding to the January "Sound Off" query. He also expressed the opinion of many when he said: "The news media are sensation-oriented and it is their fault a whole generation is blackened by the minority."

A larger-than-usual number of women responded, many writing their opinions on their husbands' business stationery. Mrs. Marion Kramer wrote on her own business stationery. She's owner of the Fit for a Queen Agency, Inc., Forest Hills, N. Y.

"As a mother of six," she said, "I am proud that youths today have finally learned to think for themselves and not to accept everything taught to them as the Gospel truth. . . . The children of today have learned how to use their freedom of expression and it is no longer a world where children should be seen and not heard. Our children are aware of trends, people, ideas and aims, and they are asserting themselves."

Youthful readers responded, too.

"Youth is only trying to make America stand up for the Constitution and beliefs she was founded on," said Michael C. Oberbillig, a young salesman at the Docktor Pet Center in Memphis, Tenn.

"Youth today is not worse," asserted Bonita Shreffler, 19, of Erie, Pa. "They are only what today's adults made them."

Kenneth A. Brodsky, 24, a career trainee with Bache & Co., New York City stockbrokers, wrote a long and thoughtful letter, saying it would appear youth today is more troubled than it was "way back there" in the



Mrs. Marion Kramer, shown with her husband, Lee, and her six children, aged two to 16, writes that she is "proud" of American youth today.

days before his Navy service. He cited a lack of respect for authority and discipline.

But then he noted: "America must recognize the youth's main problem, that of finding his identity, and must understand it, cope with it . . . or face a generation of rebels without a cause."

The pungent reply of D. E. Elliott, of the Walker/Parkersburg, W. Va., division of Tectron, speaks for many of those who questioned whether a discussion of the good or bad of youth can be answered simply.

"My kids are serious, knowledgeable, honest, idealistic and courageous," Mr. Elliott wrote. "Your kids are sultry, dirty-mouthed, uncombed, shameless and ungrateful. Let's gang up on your kids! This sums up the danger of the debate. It isn't a black and white situation. More are good kids than bad."

Here are other random samplings:

"The trouble with youth today, if there is a trouble, is too much affluence—not many have to work for a living or for spending money."—H. C. Glaze, district manager, General Electric Co., Portland, Ore.

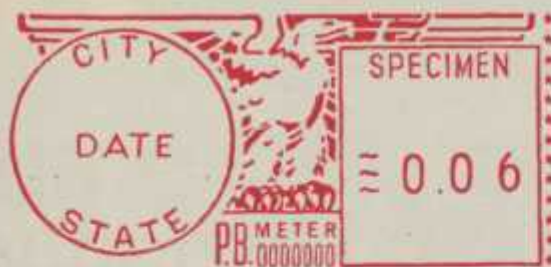
"Yes, I think that the youth are

worse, but it is because we adults have made them that way . . . very little discipline while quite young and not giving them responsibility."—Charles E. Davis, Vice President, Orlando, Fla., Upholstery Mfg. Co., Inc.

"Yes, they condemn our whole social and economic structure, but haven't one concrete idea on how to improve it."—James L. Baker, sales manager, Universal Atlas Cement Division of U. S. Steel, Dayton, Ohio.

"If today's youth is worse than any other generation, the blame should go to the parents and present-day society for giving youth everything they want without providing rigorous experiences and challenges."—Gerald A. Mayer, Employee Relations, Cyanamid International, Wayne, N. J.

"Today's youngsters are far better than the youth of my time, 15 years ago. They are honest, frank, willing to use their imagination. They act on their ideals instead of mumbling about them, and their ideals are good ones: justice, equality, freedom and brotherhood."—Hendon Chubb, senior vice president, Chubb & Son, Inc., underwriters, New York.



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OUR ENVIRONMENT CRISIS

BY GOV. RONALD REAGAN



"We must weigh every step that affects the quality of the air we breathe, water we drink and living space we inhabit."

Businessmen often ask me what I regard as America's most critical domestic challenge for the 1970's.

Certainly, the list of problems is long enough. We must provide more and better housing and urban transportation. We must reduce crime and violence and make long-overdue reforms in our tax structure and educational system. And we must maintain the sound industrial base necessary to provide jobs for an expanding population and to finance the progress we hope to make in every other area of national concern.

Yet if I were to single out the one major issue that is most likely to dominate the nation's political attention in the 1970's, it would be environmental protection.

Americans, at last, are beginning to realize man can no longer ignore his own damaging impact on his overall environment. We must begin to weigh that impact in every step that affects the quality of the air we breathe, the water we drink and the living space we inhabit.

The businessman has a special stake in the battle against pollution of the environment. Aside from the obvious threat to public health and our scenic natural resources, pollution is bad business for a more pragmatic reason: It costs money.

President Richard M. Nixon has voiced deep concern over what is happening to the nation's environment, rating the preservation of the good qualities of life one of the great challenges of the 70's.

There is no doubt the Administration will continue to address itself to our environment—both in major addresses to Congress by the President and in action on varied fronts. State and local governments share this concern, along with leaders of business and industry. The views of Gov. Ronald Reagan of California are just one reflection of this growing sentiment.

While precise figures are difficult to determine, the U. S. Department of Health, Education and Welfare has estimated that air pollution alone costs almost \$13 billion annually, or \$65 for every man, woman and child in America.

Air pollution adds millions of dollars a year in repainting and other maintenance costs for industry and homeowners, and stunts agricultural crops.

No one can say how much pollution costs the nation in absenteeism and additional expenditures for health, but it undoubtedly is a considerable sum.

This fiscal impact adds up to an urgent reason for the private sector to lead the nation's efforts to protect and enhance the environment.

We have permitted air and water pollution to become a national disgrace—a peril that threatens permanently to alter the delicate balance of ecology that preserves a livable natural environment.

Bogged down in smog

Shortly after World War II, the smog problem in Los Angeles and in other cities was something comedians joked about. No one is laughing about smog today. It has become one of our most critical problems, in California and in every other major urban state.

Federal experts tell us that more than 142 million tons of toxic matter are released every year into the air Americans breathe—approximately three quarters of a ton for every one of us.

During the great postwar migration to California and other Western states, it seemed there would always be enough room for another subdivision and another freeway. Since 1945, more than a million acres of prime California agricultural land has been lost to the bulldozer.

At one time, the chief water problem in California and other arid Western states was simply how to develop a sufficient supply to meet the needs of our people and our industries.

Today, there is another concern: Whether the water we do have is fit to drink or pure enough to use for agricultural purposes. The same threat of pollution is present in every other state. Nineteen thousand communities containing 58 million Americans have water supplies which do not conform to the standards set by

Our Environment Crisis *continued*



"No one laughs about smog today. . . ." Pollution is a peril even to the picture-book beauty of the rural countryside.

the U. S. Public Health Service. Ironically, technological progress and the prosperity that this progress brought helped to intensify America's pollution problems. Modern science has produced containers that don't decay when buried and cleaning solvents that don't dissolve.

An affluent society produces more garbage. California annually spends half a billion dollars just to get rid of the 1,800 pounds of rubbish which the average Californian throws away each year. And the disposal problem this garbage creates grows tougher every year.

When we had fewer people on this earth, nature was able to assimilate most of man's waste products.

But today there are too many people and man produces too much waste matter to depend on natural decay. And the growth that is expected to double the world's population in the next generation will simply compound every current problem involving environmental damage.

That is why I believe one of America's greatest challenges in the immediate future is to develop the technology and realistic controls necessary to eliminate air and water pollution and to protect the natural environment against man's excesses.

What good is a booming economy if the air is too foul to breathe, the water too polluted to drink and our

cities too cluttered with ugly examples of environmental neglect to provide comfortable living?

Winning combination

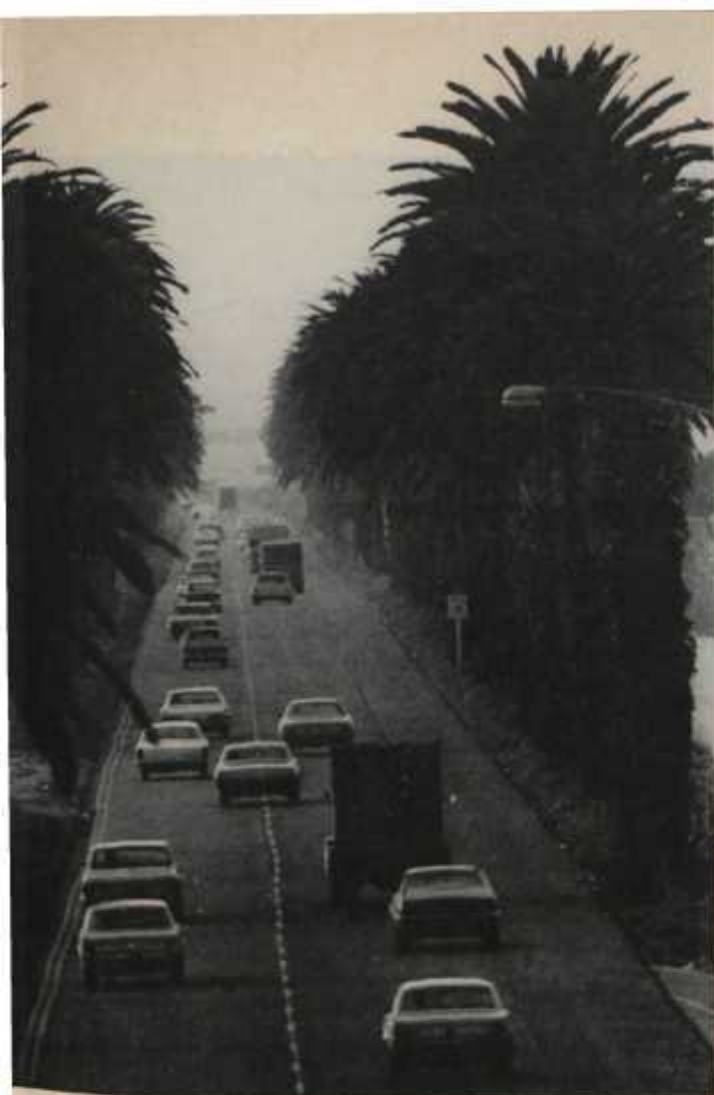
It will take the combined efforts of the businessman, the government official and the individual citizen to bring our environmental problems under control.

Although it has taken decades to reach the present crisis point, we do not have that long to act. The time for decisions is now.

We are making those decisions in California. We have enacted the strictest water and air pollution controls in the nation. Last year, we adopted a pioneering program to control pollution from jet aircraft. We are putting into effect noise controls.

California was ahead of the federal government in starting to phase out use of DDT and in enacting tighter regulations on all potentially harmful pesticides. We have an Environmental Quality Study Council looking into every aspect of environmental control. When it completes its work, it will recommend policies for the state to follow to enhance and protect the environment.

California's automobile emission standards are now the toughest in the nation and they already are scheduled to be even stricter. But we at the state level are not



"Our roads must be planned to prevent the destruction of scenic resources."

going to relax our efforts until the smog problem is eliminated. Industry, too, is hard at work on the pollution problems caused by the automobile. Experiments are being conducted with steam and electric-powered vehicles, and with modification of the internal combustion engine. Along this line, we plan on a gradual, program basis to convert the state-owned fleet of 28,500 vehicles to a dual-fuel system using smogless compressed natural gas, thereby substantially reducing the amount of contaminants the vehicles discharge.

One of our Southern California utilities, the Pacific Lighting System, is spending \$500,000 to convert its entire fleet of 1,000 service vehicles to dual-fuel operation. The company financed the research that led to the development of this system (natural gas and gasoline used alternately to power the engine) and is making it available to other large vehicle fleet operators. [See "Business: a Look Ahead," page 62.]

I feel confident the inventive genius of American industry ultimately will succeed in solving the automobile smog problem.

Toward purer water

The same sort of intensive effort must be undertaken to eliminate other forms of pollution. If it requires special devices to prevent industrial pollutants from

escaping into the air, these must be developed and put into use. If it takes extensive treatment facilities to eliminate industrial water wastes and to clean up the sewage that many cities now dump into our streams and waterways, those facilities must be provided.

We are steering the efforts of state government toward solving these urgent environmental problems. In addition to updating our smog laws, California last year completed a comprehensive Water Quality Control Act that the *Los Angeles Times* called the "strongest state water pollution control bill in U. S. history."

This bipartisan program, the first major revision of our state water quality laws in 20 years, provides for fines up to \$6,000 a day for violations, improves enforcement procedures and requires violators to pay clean-up costs.

As citizens we must face the fact that pollution offenders are not always some mysterious "they." We collectively in some of our own social structures must take action because we are sometimes the offenders.

San Francisco, for example, still hasn't provided adequate treatment facilities for its sewage. On rainy days, runoff water mixes with the waste discharges and overtaxes the capacity of the city's combined sewer system. As a result, raw sewage often flows directly into the Bay.

This is the kind of chronic pollution problem that the new state regulatory program is designed to combat.

In addition to the pollution threat, San Francisco Bay, one of the world's most beautiful natural harbors, has been in danger of being slowly swallowed up by land-fill projects around its declining shoreline. Last year, with strong bipartisan support, California completed action on legislation to protect the Bay from such a fate. This program made permanent an area-wide agency to protect the Bay against undesirable land-fill while reserving necessary shoreline space for water-oriented industrial development.

The bulldozer mentality of the past is a luxury we can no longer afford. Our roads and other public projects must be planned to prevent the destruction of scenic resources and to avoid needlessly upsetting the ecological balance. It may cost more to reroute a highway around a grove of beautiful trees, but we must begin considering this extra expense a necessary part of the over-all cost.

Business shows the way

There is no conflict between business and government on the necessity for antipollution action. In fact, some industry leaders are far ahead of their government counterparts in actually doing something about pollution.

Humble Oil & Refining Co. recently completed a modern refinery which exemplifies the type of creative approach many industries now are taking to prevent pollution. Humble invested more than \$10 million to control air and water pollution at this new plant at Benicia, California's one-time capital. [See "Panorama of the Nation's Business," page 15.]

Other industries in California and elsewhere are introducing similar techniques to conserve water.

Kaiser Steel's plant at Fontana, which has a modern recirculation system, cut its water requirements for



Our Environment Crisis *continued*

processing a ton of steel from 40,000 gallons to 1,600.

The Lever Brothers soap plant in Los Angeles installed cooling towers and reduced its water needs from six million gallons a day to about 400,000.

Those are some of the ways business is acting to conserve resources. The private sector also makes other important environmental contributions.

Making use of waste

In Los Angeles a few months ago, Reynolds Metals Co. conducted one of several antilitter projects in which the company paid people to collect and return discarded aluminum cans. The metal salvaged is used for other products.

This approach holds the most promise for substantially reducing America's solid waste disposal problem. We must learn to "recycle" what we discard and use our waste material for other productive purposes.

Other countries already are moving in this direction. In Japan, garbage and other solid waste material is being squeezed into building blocks which then are used for construction foundations.

One firm in our state, Downey Fertilizer Co., is ex-

perimenting with a method of dehydrating waste products through a new nonburning process. It involves use of a "pulse-jet" engine that generates warm air and sonic energy to remove moisture. After this treatment, the residue is converted into animal feed.

This type of experimentation may someday help eliminate the air pollution that now results from the burning of agricultural wastes.

Our scientists are talking about recycling man's own wastes to help make long space voyages possible. Indeed, the space program might well serve as the launching pad for developing the technology necessary to learn effective methods of "recycling" garbage and other wastes for new uses. Instead of being a massive national problem, solid wastes could become an important new source of raw materials to augment our own declining supply of natural resources.

In short, we need to concentrate more effort on achieving a massive scientific breakthrough in solid wastes disposal and management.

Equal treatment

Government can help stimulate the necessary technology in all these areas of environmental protection through wise regulations. But government must make certain the laws make pollution unprofitable for everyone. Whatever regulations we adopt must be uniformly applied.

The manufacturer who accepts the cost of curbing pollution as a part of his normal business expense should not be placed at a competitive disadvantage because other firms in other areas are not required to meet the same antipollution standards.

Uniform pollution regulations will require far greater cooperation between different levels of government than we have had in the past.

Even before last year's oil leak off Santa Barbara (which occurred on federal tidelands six miles offshore), California had been pressing the federal government for authority to apply our state's stricter drilling standards to wells even beyond our present three-mile jurisdiction.

Since then, of course, the federal government has adopted stronger regulations that Interior Secretary Walter Hickel says would have prevented the Santa Barbara oil leak. I think it is significant that there have been no major oil blowouts from wells on state-inspected tidelands.

There is no reason why we can't achieve closer coordination between the federal government and the states on matters of such urgent public concern as pollution controls. Government, working closely with the private sector, can win the battle to protect and preserve America's environment.

After all, private initiative provided the stimulus to give this country the world's highest standard of living. A whole array of private companies, acting under contracts with the government and inspired by a definite goal, enabled the United States to land a man on the moon within the deadline set by President Kennedy.

This same kind of national commitment and determination can help us eliminate air and water pollution as a major threat to the environment.

END

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No other state can make that statement.
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The industrial emergence of Iowa:

122 of America's top 500 companies now operate 457 plants in Iowa.

Chief Blackhawk never liked Iowa.

And when white settlers entered the territory in violation of the treaty, Blackhawk saw red. He packed up his tribe and headed back home across the Mississippi causing a monumental flap called the Blackhawk War.

Blackhawk lost the war, most of his tribe and all of Iowa. And for the next century, the rich, black earth of Iowa yielded an abundance of crops like the world had never seen.

Then, in 1951, an interesting thing happened: for the first time in her history, Iowa's industrial output exceeded her expanding agricultural output.

To the leaders in Iowa, this tipping of the scale represented the culmination of years of guidance and hard work. Because this industrial era in Iowa didn't just happen — it was carefully and deliberately planned.

As World War II drew to a close, the farm states of the Midwest found themselves in a difficult position. Technological and biological advances, necessitated by the needs of the war, had made it possible for one farmer to farm more land than ever before. The result — fewer and fewer farm jobs. With the prospect of mass unemployment in the future, Iowans began attracting industry to their state.

Year by year, step by step, Iowa's industrial capacity grew. At no time did her unemployment rate exceed the national average.

As the years passed, Iowa's industrial recruitment methods achieved a high level of sophistication. Iowa's governors have traditionally taken a close personal interest in industrial development and many indus-

trialists have taken advantage of the governors offer of assistance. Iowa trade missions composed of state business and political leaders have jetted abroad, seeking new markets for Iowa products.

One of Iowa's biggest assets is her people. Iowa colleges and universities graduate more Ph.D.'s per capita than any other state in the union. Every major city in the state has an art center and a symphony orchestra. Her work force is intelligent, educated and endowed with typical Midwestern pride in work. Personnel Directors privately admit Iowa plants are generally more productive than sister plants in other states.

If Iowa has a serious problem, it's her image. Progress has been so rapid, the state's industrialization is not generally known. To many industrialists, particularly in the East, Iowa is still one vast cornfield.

But this problem, too, is being met with typical Iowa ingenuity. Iowa's dynamic young governor has asked the Development Commission to attack the image problem in a unique way: by thinking of Iowa as a corporation. High level brainstorming sessions have produced some startling ideas. A new promotion theme — "Iowa... a place to grow" — has been developed. A contemporary new symbol depicting growth in all directions has been designed. Both are to be widely used in national and local state promotion. A comprehensive program has been developed to assist Iowa industries in expanding their foreign and domestic markets. On the theory that the best way to dispel a stereotype is through personal contact, Iowa governors have led groups of Iowa businessmen throughout the nation acquainting industrial prospects with Iowa's advantages. A huge regional airport capable of handling the jumbo jets is in the planning stage.

Industrialists, like the settlers of old, are discovering Iowa is a place to grow. Unlike Chief Blackhawk's time, now the natives are friendly.

Have you overlooked Iowa as an industrial site? For details write Iowa Development Commission, Dept. N-2, 250 Jewett Building, Des Moines, Iowa 50309.



This 20-story office building, Iowa's tallest, is being built by Transamerica Corporation... one of many national companies confident of Iowa's future.



Iowa's new promotion theme and symbol accurately reflect the new growth image for the state.



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Business Fights Pollution—and the Nation Profits



Ours is a land of rocks and rills . . . and in a hundred ways there is a concerted effort to fight pollution and save the heritage of the land for all its people.

Republic Steel Corp. is spending \$100 million to fight air and water pollution and an Oregon auto distributor has planted shrubs around his company's buildings.

American Cyanamid Co. spends \$10 million a year to operate \$42 million worth of antipollution equipment and a Detroit trucking company is establishing a noise buffer zone around its terminal.

Those are among the hundreds of ways, big and small, in which business leaders in communities throughout the nation are moving to curb pollution and otherwise enhance man's surroundings.

The declaration of Francis E. Drake Jr., board chairman and chief executive officer of the Rochester, N. Y., Gas & Electric Corp., was typical of the feeling of hundreds of executives who responded to a NATION'S BUSINESS survey. He wrote:

"We firmly believe our environment must be protected."

The business leaders were asked what their companies had done to combat air, water and noise pollution and what other steps they had taken to improve the environment.

A sampling of the replies not only indicates how the business-industrial community is fighting pollution but also the many different types of companies that have joined the fight.

Thomas F. Patton, board chairman and chief executive officer of Republic Steel, reported his company has spent or committed nearly \$100 million in recent years on facilities for

controlling air and water pollution, with \$40 million in major construction projects currently under way.

They include, Mr. Patton said, a water treatment facility being built at Republic's Cleveland plant, "large enough to handle the needs of a city of a half-million."

Good neighbor policy

Republic managers, employees and the general public, he added, have been notified that the company's basic policy "is to conduct its business, and to operate its plants, with a maximum of consideration for our neighbors who share with the corporation the air and water necessary to the making of steel."

C. D. Siverd, president of American Cyanamid, wrote that "pollution-abatement activities for many years have been an integral part" of the company's operations.

The policy, he said, "is to build effective air and water pollution controls into the basic design of new plants and to make improvements in older facilities as soon as practical technology permits."

Communities in Florida are reaping big dividends from American Cyanamid's use of a new surface-mining process that simultaneously reclaims the land. Mr. Siverd reported the company has thus far donated to government agencies 1,200 acres of reclaimed land and water areas suitable for recreation, wildlife protection, water supply and flood control.

Union Carbide Corp. was one of

the first companies to assign an officer to a full-time job in pollution control.

Birny Mason Jr., board chairman, explained that the company's "coordinator of environmental health" is "active in defining problems area by area and working with properly constituted authorities to seek mutually satisfactory solutions."

In addition, Mr. Mason said, Union Carbide is spending more than \$10 million a year on capital improvements "to meet existing situations" and is reviewing all proposals for new facilities with an eye toward building in environmental control capability.

The company also offers to business and government a wide range of antipollution services and products, including instruments for faster, more efficient checking of water resources.

At American Can Co., reported Chairman W. F. May, "tremendous improvements in pollution control have been accomplished" as the result of multimillion-dollar expenditures.

Chairman Leo H. Schoenhofen of the Container Corp. of America wrote that 98 separate antipollution projects have been completed there over the past five years and they have "dramatically helped the situation."

One of the most succinct answers came from Wilmot F. Wheeler Jr., chairman and president of American Chain & Cable Co., Inc. Asked what his firm had done, he wrote: "Much."

James H. Binns, president of Armstrong Cork Co., reported that 10 to

Business Fights Pollution— and the Nation Profits *continued*

15 per cent of its capital expenditures were now going to "the area of environmental control equipment." He added: "We have always recognized our responsibilities in the field of environmental control."

E. Claiborne Robins, president of A. H. Robins Co., the Richmond, Va., pharmaceutical manufacturer, said his company voluntarily sought, and now has, official inspection of its waste water before it is discharged into public sewerage systems "so that all necessary steps can be taken" to prevent pollution.

The Atlantic City, N. J., Electric Co. is among utilities that are building substations in residential areas to look like surrounding homes. President James P. Hayward listed that move as one of many the company has undertaken to improve the areas in which it operates.

Robert W. Hartwell, vice president and controller, the Detroit Edison Co., said his firm has spent \$20 million in the last 20 years on air pollution control devices, with another \$18 million programmed over the next several years.

Fred C. Eggerstedt Jr., senior vice president and treasurer of the Long Island Lighting Co., Mineola, N. Y., put it simply: "We are deeply involved in water and air pollution prevention."

Smaller firms, too

While the big corporations and utilities are making the biggest outlays for research, equipment and operations, the fight against pollution is by no means confined to them.

Riviera Motors, Inc., Beaverton, Ore., put "attractive landscaping around all our buildings in an effort to upgrade the area," said its president, Knute M. Qvale.

The U. S. Truck Co., of Detroit, has offered to buy homes of noise-conscious neighbors to establish a buffer zone and eventually use the property for expansion. "We have a noise problem and since it is almost impossible to eliminate it, due to the nature of our business," said George J. Codd, board chairman, "we hope to remove all the homes in our immediate vicinity."

Rudolph A. Peterson, president of the Bank of America, reported it has

"integrated our own building programs with municipal plans throughout California in order to provide for more open space and improve the general beauty of the central cities where we have main offices."

Carl K. Dellmuth, president of Philadelphia's Fidelity Bank, said his institution "helped to improve the local environment by establishing new branch offices and renovating old ones in low-income neighborhoods and also by making loans in those areas."

The Ohio Citizens Trust Co. of Toledo sponsored a motion picture, for showing on a local television station, pushing antipollution activity. Willard I. Webb Jr., president of the bank, said the film has received "a fine reception."

R. D. Williams, president of the First National Bank of Arizona in Phoenix, is taking a watchdog attitude. "Pollution is not yet a major problem in Arizona but the threat is, and officers of the bank are active in various study and legislative committees," he wrote.

And there are still other ways in which businessmen are fighting pollution.

The personal approach

As a manufacturer of utility garments, the Gross Galesburg Co. of Galesburg, Ill., is not part of its area's water pollution problem. But Edward Gross, president, serves also as president of a sanitary district now in the midst of a \$7 million project to end water pollution.

W. T. Ramage, vice president of the Syracuse, N. Y., Savings Bank, takes a very personal approach. His formula: "To leave a public place a little better than when I arrived."

James H. Stahlman, owner and publisher of Tennessee's *Nashville Banner*, said his newspaper has "publicized the dangers involved and the necessity of improving the overall pollution situation."

Former U. S. Sen. William F. Knowland, editor-publisher of the Oakland, Calif., *Tribune*, reported his paper also has supported "legislation and action relative to both water and air pollution."

Many smaller companies have changed operating procedures to curb

pollution. One is the Valliant Fertilizer Co. of Laurel, Del. Its president, Elbert N. Carvel, reported that now "there is a minimum of pollution compared to the previous method."

New products developed by corporate research are an important factor in the fight.

The Johns-Manville Corp. now offers SPILGUARD, designed specifically to check the spread of oil that has leaked into bodies of water. And the same company spent \$2 million in 1968 on 24 engineering projects to curb air and water pollution at 20 of its own plants.

Railroading has its own special problems as well as its own solutions. Stuart T. Saunders, board chairman of Penn Central, said, for example, that consolidation of small freight yards into large, computerized classification yards located beyond city limits "helps to reduce substantially the noise level in urban areas."

In the skies, Lockheed Aircraft Corp., which makes big planes, and Cessna Aircraft Co., which makes smaller ones, both are doing extensive research on noise abatement.

Increased costs

For the most part, the battle against pollution continues without prospect of greater profits for U. S. business. The more likely result is increased operating costs after the substantial, initial investment in antipollution equipment.

At Inland Steel Co., now spending \$50 million to fight pollution, President Frederick G. Jaicks put it this way in a letter to company officers:

"Needless to say, Inland is like any other business in that we operate to make a profit. Why, then, are we spending millions of dollars to minimize water pollution at the Indiana Harbor works and additional millions to curb air pollution?"

"The company realizes it has duties and responsibilities which go beyond the profit motive. A lake suitable for a diversity of uses is of vital interest to us, for we not only work on its shores but also live and play here. And since the Harbor works is one of the largest users of Lake Michigan water ... it is necessary that the water we return to the lake be in the best possible condition." **END**



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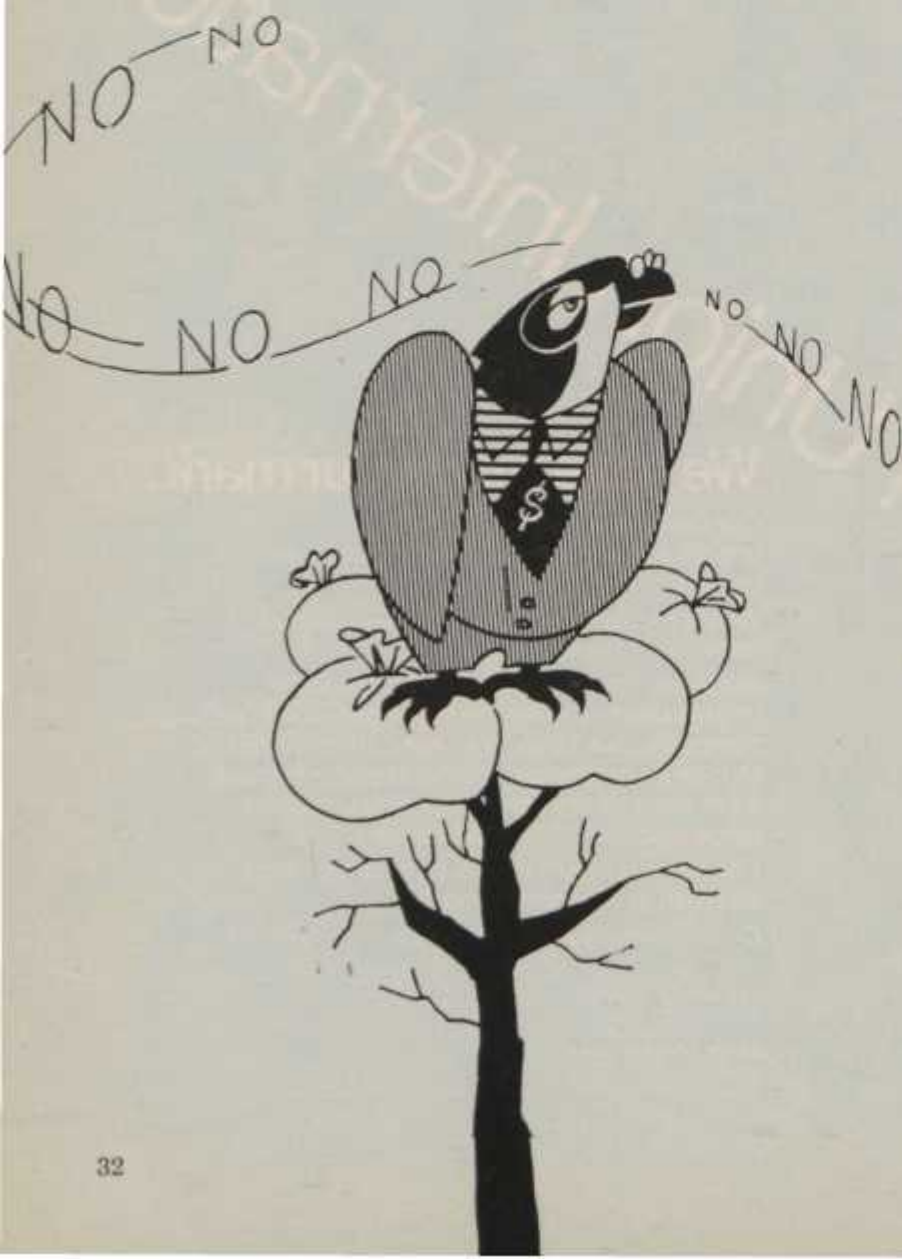
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THE CORPORATE AVIARY

You might say Peter Hilton is a bird watcher. A corporate bird watcher. It's a private hobby, nurtured by years of haunting executive suites as he scouts for spin-off products and product lines for a blue chip group of clients of the Institute for Corporate Diversification, Ltd., which he operates with his brother, Augustine.

"The Corporate Aviary" is a collection of sketches of the various birds he's encountered and which he thinks others might have seen flitting around, too. With the aid of a Vermont neighbor, Larry Olson, he's put the sketches together as a guide for executive bird watchers.

Here are a few of the sketches. So get out your binoculars, keep real still, and see if you can recognize any of the species. Of course, it's all in fun.



The Pin-Striped Negator

Identified by a sound resembling "no-no" delivered in varying cadences and inflections. Most often it roosts on moneybags from which it draws great strength of purpose. Always located on the higher branches of the corporate tree. Immune to food, drink or chicanery. Probably a good parent.

The Feckless Plunger

Two deaf ears. Immune to advice or experience in any form. An intuitive flier, it may roost anywhere but the financial areas of the aviary. It thrives most often in a sales and marketing environment. While the life expectancy of this species is relatively short, it is a fascinating bird to watch and an impossible one to predict.



The Pipe-Smoking Cogitator

There are several mutations of this bird ranging from the monopipe to the multipipe cogitator. The latter is neither rare nor prized. Sounds emitted from any of this species are spasmodic and do not necessarily issue in any intelligible sequence. With patience and careful weaning, most pipe-smoking cogitators in time can become coherent and useful.

The Red-Eyed Grouse

Also called the muttering bird. Inclined to rock for hours on its perch petulantly maintaining a stream of staccato outbursts. These are natural physiological manifestations and do not necessarily denote ill humor. On the contrary, many congenital grouses are lovable birds and frequently serve to bemuse, rather than nettle, other inhabitants of the aviary. Their red eyes are presumed to be the result of sensations of self-pity.



continued on next page

The Corporate Aviary *continued*

The Full-Cropped Whippersnapper

Fast, erratic motion employing flight maneuvers resembling, but not duplicating, those of senior birds. Feeds on new concepts and innovation in any form. Most frequently identified by a flowing mane, sideburns and a graduate school syndrome. Bright, alert, unhampered by experience or inhibitions. Can be a constructive irritant in many aviaries and has been known to rejuvenate older birds.



The Horn-Rimmed Sentinel

Only females of this species are extant. They are, in turn, reputed to be sexless—which poses an interesting question for ornithologists. Most roost at a strategic point in the aviary throughout the daylight period. Adept at sparring, they engage all comers with equanimity. Remarkable for loyalty, ambiguity and intelligence.



The High-Vented Continental

Immediately identifiable by the deep-vented jacket, slashed pockets and European-cut trousers. Given to excessive motion, gestures and irregular working hours. Some types are incorrigible hand-kissers. Most often found in the international division of the aviary. Excellent night birds with unerring ability to locate good wine and viands.



The Implacable Driller

A crispness of sound and motion reflecting a pre-aviary military orientation. The only bird known to bark. Can be as easily ruffled as cajoled. Adapts with difficulty to sportswear and sack suits. Birds of lower rank are advised to cultivate "sir" but not salute.

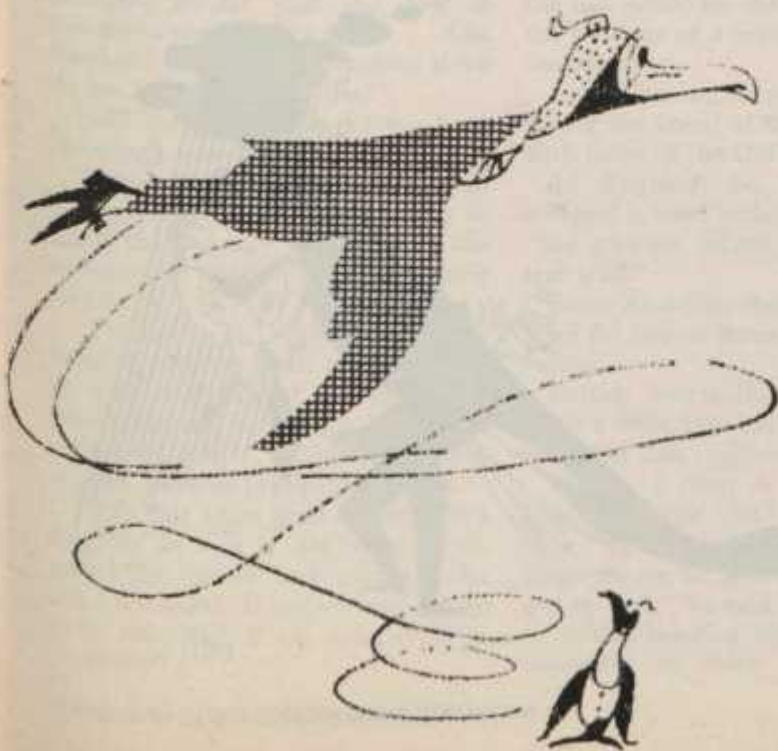


The Multicolored Chart-Flipper

This creature is not to be confused with the black and white chart-flipper commonly found in an engineering or market research environment. The employment of color frequently coupled with the use of linen charts identifies this bird's rank in the corporate hierarchy. It is seen under the most favorable conditions at meetings of the board, stockholders, the press, etc. It is a performing bird.

The Amber-Tinted Angler

A crafty creature, the angler rarely flies straight to his objective but pursues a circuitous course. In the aviary he may be observed occupying a conspicuous perch and soon leaving it impulsively for another. Endowed by nature with a neutral color that permits him to fly with birds of any hue. Has a craving to be noticed but does little to warrant it.



continued on next page

The Corporate Aviary *continued*

The Swivel-Hipped Breast-Beater

This bird is unusual for its versatility and is most susceptible to changes in wind direction. Its call is always downwind since it is incapable of facing into it. Like the weathervane it can change direction quickly, never losing a note or a beat. Once it turns about, it is likely to be louder than before. Instinctively, it always keeps a weather eye cocked on birds higher in the corporate tree. An unreliable weather indicator, except in reverse.



The Thick-Skinned Adamant

A feathered coat-of-mail coupled with a stridently insistent call. It is additionally unique in that it only echoes the calls of other birds placed higher in the aviary. The adamant's nest is lined with cuttings from newspapers and magazines; its favorite perch is a telephone line. It is a useful, dutiful, personable creature that feeds on the blandishments of others. Every aviary should have at least one.

REPRINTS of "The Corporate Aviary" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

The Black-Shrouded Doomsayer

Its voice is sonorous, its temper short and its memory long. Most often it is right and for that reason survives despite sustained unpopularity. The doomsayer may be found in all strata of the aviary. Its movement is one of retrogression occasioned, it is believed, by the substantial bursts of heavy gloom it emits. An unsatisfactory mate.



END

A British Judge Asks: What Good Is Freedom Without Law and Order?



Lord Denning

The United States and Great Britain are vastly different but also greatly alike.

So when an astute Englishman, the most important civil judge in a judicial system which has common roots with ours, talks about how best to administer the law, he's worth listening to.

Lord Denning, master of the rolls of London's Royal Court of Justice, spoke a while back to the California Bar Association in San Francisco about such things as delays in American courts in bringing cases to trial, about striving for perfection in protecting defendants, and about striking a balance between the rights of individuals and of civilized society.

He touched a nerve end of America when he asked: "Have the rules for the protection of the innocent been extended so far that the door is opened to many guilty men? . . . And freedom, what good is freedom if we do not have law and order?"

Here are other excerpts from Lord Denning's speech:

"Freedom, we have stressed through the centuries. But we are coming to think that equally important is the security of decent, right-thinking people.

"Freedom, we know, means the freedom of every man to think what he will, to say what he will, to go where he will, on all his lawful occasions without . . . hindrance (from) anyone, save as prevented by law.

"Yes, but what good is any man's freedom to him if his home is invaded by thieves and robbers who are not caught; if his womenfolk are to be assaulted; if his security is in jeopardy?

"What good is freedom to us unless . . . our state . . . is secure?

"We must maintain the freedom—or rather, the right—of society to arrest those who commit crimes, to search them, to detain them, for the protection of the community at large. . . . If conspirators are conspiring against our state or our security, there should, under proper safeguards, be a right in society even to tap wires.

"But here is a problem. The power to arrest can be abused. The power to detain can be violated. The power to wiretap can lead to tyranny and oppression. All these safeguards of society, once abused, can lead to the police state in a tyranny worse than we've ever known.

"The problem is to find the balance, the balance between the freedom of the individual on the one hand, and the security of a civilized society on the other."

Lord Denning then turned to comparing the speed of trials in England with those in the United States.

In England, he said, everyone arrested is tried within eight weeks—"the greatest length between arrest and trial."

Some American defendants are not tried for two or three years—or even longer.

British courts do not necessarily grant a defendant bail. Lord Denning defended this controversial practice.

"When a man is arrested for a serious offense—let it be murder, rape, bank raid or the like—in England we do not allow this man out on bail," he said. "We keep him in prison pending his trial. It isn't necessary to show that he may

abscond. If there's reason to think that he may commit another offense, we do not let him out so that he may do it pending trial."

On the matter of leaning over backward to achieve the perfect trial, Lord Denning said, "I often think that whilst we've been busy clearing the innocent, our rules have let the neck get too wide, and the guilty are only too often not convicted and punished, but they escape through the door which the law has opened.

"Just think of the next step. In the United States you have a fundamental principle that if evidence is unlawfully obtained, nothing which results from it can be given in evidence in the courts. In England we don't go as far as that.

"Supposing a man makes a confession, in the course of which he says where he hid the stolen goods, and a police officer goes and finds those stolen goods. That evidence as to those stolen goods is admissible before the jury, even though there may be something wrong in the way the confession was taken."

Lord Denning advocated the hard line in sentencing the guilty, sometimes, as a means of teaching a lesson. He cited the case several years ago of white hooligans who had beaten up Negroes in London's Notting Hill section. It was feared there would be more beatings.

When the whites came to trial they were given not the six months in prison that might have been expected, but five to seven years.

The beatings immediately stopped. Lord Denning told the California lawyers and jurists: "A sentence such as that did a world of good." END

HOW TO WIN AT THE

The firm's president walks through his conference room and smiles.

The smell of scores of cigarets hangs in the air. Chairs are pushed back from the big table, which is littered with used coffee cups, pencil stubs and ash trays brimming with butts and gum wrappers. Wads of paper encircle a trash can. There is a fresh cigar hole in the rug. But the president smiles.

He remembers how a fellow businessman had jibed: "There's only one way to win at the bargaining table. Join the union." Nearly everyone, in fact, predicted disaster for the small tool-making firm when it entered negotiations with the goliath labor union.

Now, after a late-night bargaining session, the president has won. His contract with the union is ratified and signed. Production will progress smoothly. His employees will draw enough in wages and benefits to keep them from running off to other jobs, but he can expect a continued profit—at least for the length of the new contract.

This executive's experience proves again that a businessman still has a chance against labor union bargainers, if he knows what he is doing and puts a lot of thought and effort into it.

To the businessman about to sit down at the bargaining table for the first time, the union can look formidable. His prime adversary will be a man who spends his whole life negotiating with management and knows all the latest court and National Labor Relations Board rulings.

Behind the union representative are batteries of research staffs at local and national headquarters. They sometimes can produce information about your firm that you wouldn't believe they could obtain.

During a period of easy-to-get jobs,

Associate Editor Walter Wingo, who specializes in labor and management affairs, wrote this article after extensive interviews with veterans of the bargaining table.



A good management lawyer comes to the bargaining table prepared—as if he were going into a courtroom.

in which some states offer unemployment compensation to strikers, unions have little trouble talking employees into walkouts.

They're aided by a series of labor law rulings which have greatly softened the deterrent effect a strike's results might have on employees.

Out with the outsiders

For example, the Supreme Court has ruled that a management which hires outsiders during a strike is obligated to give a striking employee his old job back—with his old seniority—when the job becomes vacant.

"Management is going to find it very hard to win at the bargaining table until businessmen learn not to hire—permanently, temporarily, or partially—a man on strike at another firm," states Alan I. Berger, a leading St. Louis labor lawyer.

Mr. Berger cites the case of 400 persons who have been on strike at a Ft. Wayne, Ind., firm for more than a year. More than 95 per cent of them are working at other jobs, and the union, consequently, has not receded a penny from its original demands.

Should a union member want to return to his job during a strike, he

BARGAINING TABLE



PHOTO: WILLIAM A. BRADY

Don't underrate the union negotiator. He's usually a pro who spends the whole year at bargaining tables.

could be subject to another disincentive. The Supreme Court has ruled labor laws allow a union to get state courts to help it collect fines it levies upon members for "strikebreaking."

Unions currently are fining members a full day's pay for every day they cross a strike line. They've been stricter. The highest recorded fine imposed by a union upon a member for not honoring a strike is \$22,600.

Assuming your firm has a union, the key to successful labor relations is employee communications and careful preparation.

The wise manager uses his em-

ployee publications and his foremen to maintain confidence in management's honesty. When it comes down to the eleventh hour at the bargaining table, the side that the employees trust most has a strong plus.

Doing your homework

A bargainer for management cannot be overly prepared when he approaches the table. Experienced managers keep permanent folders in which they insert every scrap of information they come across that might relate to their negotiations—even if the negotiations are years away.

Particularly important for such folders are copies of contracts the union has signed with other firms, national, area and industry tables of wage rates, any comments by union officials regarding wages and benefits, and reports from supervisors regarding possible areas of dissatisfaction among employees.

Some of the information union negotiators rely on heavily, such as reports from specialized news services and governments, is available to management also.

"I prepare for the bargaining table the same way I prepare for a case in court," says one successful negotiator.

Getting to know the persons you will bargain against—what their personal strengths and weaknesses are—could be of great value once the drama of the bargaining table unfolds.

"After a number of years, some businessmen get to know the strategies of the union representatives quite well," says Howard G. Gamser, former National Mediation Board chairman and now a Washington, D. C., arbitrator. "They even have agreed ahead of time to let the union man bluster and pound the table and raise his voice for the benefit of union members who may drop in. But they also know when the union talk is for real."

Mr. Gamser tells of one negotiator who habitually sits back and lets the other side do all the talking until finally the terms near what he is willing to accept. The negotiator's favorite phrase is: "When I can smell the coffee, I'll sit down and eat." If you know your opponent has such an attitude, you can save yourself much time and effort.

To prevent management from sizing up the union bargainer too well, some unions—particularly the Machinists—may suddenly change negotiators.

"And they don't send in a greenhorn when they switch," says Jay S. Siegel, a Hartford, Conn., labor law-



Veteran bargainers say one of the best ways to avoid a strike is to act as if you are prepared to have one. Pick the crucial issues and show firmness about them.

How to Win at the Bargaining Table *continued*

yer for management. "They send in another pro. It's a tactic that's also designed to throw management off as to what the union's real bargaining objective is."

Who should be on your team at the bargaining table? Not the firm's top executive. He is like the king in a chess game; he stays in the background until the battle's final stages.

The union negotiator usually will claim inability to say anything with finality because the membership must ratify his actions. You can cut into this advantage if your own chief negotiator can say, "Well, I don't know if the old man will go for that one."

If, on the other hand, the firm's president is right there in the bargaining room, the union representative is apt to turn on him often for

detailed explanations of why the union demands should not be met.

A typical bargaining team for management would consist of an experienced man from the firm's industrial relations department, the vice president for personnel and a labor lawyer, usually an outsider. This varies, of course, with the firm's size and makeup.

Seizing the initiative

Whomever you pick, make sure they're able to take the initiative. The union will try to run the show, and get you to follow its agenda. You cannot refuse to bargain in good faith over any legally bargainable issue, but you can insist on your order of proceedings.

"Once the union has accepted that it's going to argue from your prepared material, you're over the top," claims V. Lee McMahon, another of the country's foremost labor lawyers for management. "Ninety-five per cent of the union's preparations concern rights for the union and the employees, not rights for the company. If you work from their preparations you must insert each management right, but if you start with your own preparations, questions arise only as the union raises issues."

If you are about to negotiate your first contract with a union, you have a golden opportunity to do things for which your firm will thank you for many years to come. Once a clause is in a contract, it is difficult to dislodge.

Mr. McMahon calls that first contract "The Bible." He points out that the union's main interest when negotiating the first time with a firm is to put something tangible in the pockets of the employees in order to gain their greater support. The union wants a signed contract. It seldom wants a strike the first time around and therefore often eases up on such demands as the union shop and dues checkoff.

The initial contract is an opportunity to bargain hard for things management definitely thinks it should have, Mr. McMahon adds. Such as a recognition clause, a no-strike clause, a clear seniority clause and a management rights clause.

Veteran negotiators advise that the recognition clause should stipulate the bargaining unit's certification

number given it by the National Labor Relations Board and state specifically where the place of employment is. This could prevent a union from trying to include uncertified "members" in a strike vote or from automatically claiming representation at a new plant you may build.

Mr. Berger suggests that clauses limiting strikes require the union to give management a 48-hour notice before any walkout. This could aid in an orderly shutdown of a plant.

"There's no need for the union to destroy that which is to feed the employees' families later on," Mr. Berger notes.

"Seniority" is whatever the contract says it is. You may stipulate that promotions will be based on such factors as skill, schooling and physical fitness as well as length of service.

Management's rights

The old theory was that management rights clauses were simply statements of the obvious—that management retained all rights except those specifically given to the union or to employees in the contract or withdrawn by laws (such as child labor and minimum wage restrictions).

In 1960, however, the Supreme Court declared, in effect, that management rights can be limited to those specifically named in the contract. Today it is perilous to let union bargainers talk you out of a strong, detailed management rights clause, warns management lawyer Harry J. Lambeth of Washington, D. C.

The writing of a labor contract is delicate business. Nearly every word will be picked over at some future negotiating session. Unions employ the best labor lawyers they can hire to aid them in writing contracts. Make sure your lawyer scours your contract, too.

Academics love to argue over what your proper "approach" at the bargaining table should be. Most divide bargaining approaches into two general categories: The "take-it-or-leave-it approach" and the "Indian blanket approach."

Despite what unions say, it is still not necessarily an illegal failure to bargain in good faith if you make a firm offer and stand by your guns. (Almost all bargaining eventually

reaches a take-it-or-leave-it stage, anyway.)

Unionists call this "Boulwarism," after Lemuel R. Boulware, who developed a bargaining approach at General Electric which was essentially this:

Following a detailed study, management declares what it believes to be fair contract terms. It invites the union to show what pertinent facts were not considered or where the company's facts, reasoning or conclusions are faulty. If the union cannot do this, the company stands by its offer. Mr. Boulware still considers that approach the most honest way of bargaining.

The National Labor Relations Board, supported by the Supreme Court, ruled the take-it-or-leave-it approach constituted an unfair labor practice when it was combined with a package of management steps including a vigorous attempt to inform employees about the company offer.

Part of the reason unions resent

"Boulwarism" is that it makes things appear as though management is giving the wage and benefit increases. This, of course, is true, but the unions want to appear as the benefactors.

Though the take-it-or-leave-it approach hasn't been outlawed as such, most experts now advise that the only safe way to bargain is to act as if you were trading with an Indian selling blankets. You start way below what you'd be willing to pay and the other party starts way over what he'd be willing to take. You settle somewhere in between.

Offers deplete coffers

The big trouble for management here is that unions can pick figures out of the sky, but every dollar that management mentions comes out of the company treasury.

If you come to the bargaining table and say honestly that you know you can give a dime-an-hour hike, but not 11 cents, you can be accused of unwillingness to bargain. But if you



Stay on the alert for hints of weakness in the union's position. It helps to know the strong and soft sides of the man on the other side of the table.

WHAT YOU SHOULD KNOW

Veteran negotiators offer this advice for businessmen who must face the union at a bargaining table:

- Keep up a good communications link with your employees.
- Prepare the year around for bargaining.
- Know the personal quirks of the people who will bargain for the unions.
- Use great care in picking your own bargaining team.
- If negotiating for the first time with a union, make an all-out fight for a strong contract, preserving management rights.
- Rank your own demands, but don't let the unions know your priorities.
- Don't be afraid to push for elimination of objectionable clauses you agreed to on past contracts.
- When the unions talk about pennies an hour, you talk about thousands of dollars a year.
- Unless you are prepared to open your financial books to the union, don't plead inability to pay higher wages and benefits.
- Take a tip from union bargainers: Use your stage skills.
- Don't say things that in the long run will do you more harm than good.
- Never let the union know you cannot take a strike.
- Look for hints that the union cannot take a strike.
- If government mediators are called in, think twice about confiding to them anything you wouldn't want the union to know.

come offering two cents, work your way up to a dime, and then stop, you are bargaining in "good faith."

"As a result," complains Mr. Berger, "you are under compulsion to dance around the mulberry bush, which is time-consuming, mind-boggling and just worthless."

But you should be willing to take the time to haggle over any point in the contract that you consider important.

Some negotiators make a list of all the things they want in a contract and the items they want removed from the old contract.

These items are ranked, and, during the bargaining some lower points are scratched off in trade for some higher ones.

The union representative will say such things as, "How come a big, rich firm like yours can't afford a couple of more pennies an hour for the guys

How to Win at the Bargaining Table *continued*

who are doing the real work around here?"

Be careful in your response. Point out what the "pennies" come to when multiplied by all the affected employees over all the hours they work in a year, including overtime. Say in general terms that the raise would be bad business. Management, after all, is the expert on what's good and bad business.

If you plead outright inability to pay the demanded increase, the union may have a right to examine your financial books.

Arguing that granting a large wage increase would be bad for the country in inflationary times will evoke only guffaws from the union side of the table. Don't build your whole case around that one.

A good negotiator needs a good constitution for the proverbial all-night bargaining sessions. He also needs a penchant for histrionics.

Mr. Berger, whose undergraduate degree was in dramatics, says he uses his early training "for all it's worth" during bargaining.

"I pace the floor and wave my

hands and vary my timing to fit the points," he says. "I don't advocate this type of behavior if it just doesn't fit your personality, however."

Howard Gamser tells how a sense of drama helped one union negotiator overcome what could have been a bargaining disaster.

After hours of rugged dickering, he reached agreement with management. As he left to get the agreement ratified by his membership, he vowed to the management side: "I'll either come back, with a 'yes,' or I'll come back on my shield."

"When the guy came back, management could see from his face that he had failed, and they were ready to kill him," Mr. Gamser recalls. "Without a word, the union man opened his coat and showed a shirt covered with a whole bottle of catsup!"

"Well, that broke everybody up. It was great. Instead of negotiations falling through right there, they continued on a lighter note and eventually a settlement was reached and ratified without a strike."

Bargain hard, but remember that you have to live with the employees after the smoke has cleared. In arguing against large pay increases for a group of employees, one careless management negotiator disparaged each employee's talents, loyalty, intelligence and productiveness. He succeeded in holding down the wage increase, but he thoroughly demoralized the employees.

Talking tough

One of the best ways to avoid a strike is to act as if you are prepared to have one, many long-time bargainers say.

"If you can't afford to take a strike, it should be the most well-kept secret in the world," Mr. Berger says. "Don't let your best friend or your wife know. If the union finds out, you've lost all your trading position."

At the bargaining table you can dramatize your strong position by tossing an objectionable union proposal back with a remark like: "As far as I'm concerned, that proposal is a strike issue. That and a lot of other things you may be thinking of throwing out here."

There are many tip-offs that a union can't afford a strike—such as if the union has been through recent big court or election battles or has

just had long strikes that drained its strike benefits chest.

"One late indication is that when the point of impasse is reached, the union proposes another meeting or asks for a mediator," says labor lawyer William M. Pate of Atlanta. "Often, too, employees will volunteer pertinent information, such as the fact that a meeting on a strike vote was poorly attended."

It could be ruled an unfair labor practice, however, for you to initiate questions about what went on at a union meeting.

Once you have an agreement with the union negotiator on a contract, don't let him sell it short to the membership. Your employees should never get the idea that all they have to do is to reject an agreement or go out on the street for one or two days and you'll sweeten the pot. That could be their pattern forever.

Some management negotiators let the union make the last proposal and, if it's around the area of what the firm can spend, accept.

Either side has the right to refuse the services of a federal mediator in deadlocked negotiations. Sometimes, however, it is bad public relations to do so.

Mr. Berger is one of a growing number of management lawyers who believe that mediators' main concern is to have strike-free records and that their chief method of doing so is to encourage management to come up with more money. He fears a mediator may even let slip management confidences to union negotiators.

Ultimately, say management industrial relations experts, a more just arrangement will have to be made at the bargaining table. This means the removal of the many special privileges and immunities granted unions through the labor laws and their administration. Until then, however, settlements will continue to be costly in time, patience, goodwill and, too often, money. **END**

REPRINTS of "How to Win at the Bargaining Table" may be obtained from *Nation's Business*, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

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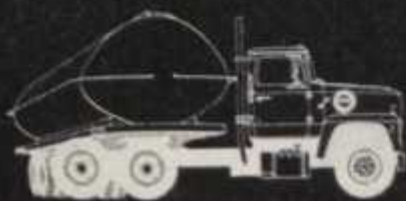
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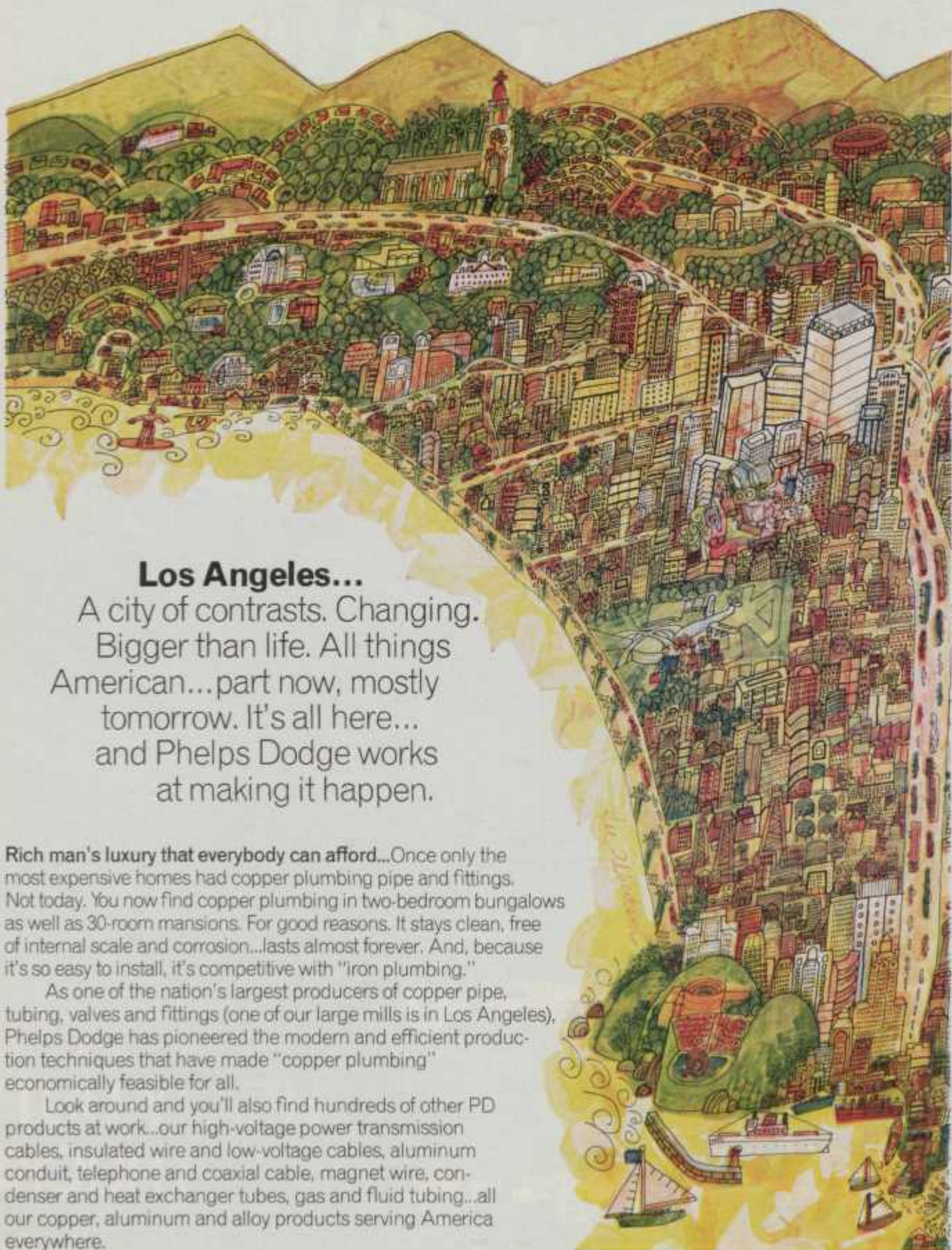
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THIS MONTH'S GUEST ECONOMIST

Stanley V. Malcuit
Chief Economist
Aluminum Co. of America



PROTECTION CAN BE DANGEROUS

What would happen to business if we swing back toward protectionism?

That question can't be answered categorically without knowing the degree of protectionism involved.

But it's likely that businesses receiving protection would be helped, while those not receiving such benefits would be hurt; that labor would experience the same relative benefit or harm as the business affected; and that consumers generally would suffer, and so would the nation.

Some basic factors must be considered in evaluating the effects of protectionism: The U. S. has long bought and sold abroad a larger value of goods and services than any other nation, and continually has been a larger exporter than an importer—meaning it stands to lose more than other nations by returning to protectionism. And no industry and no country can practice protectionism in isolation—that is, without hurting others.

Nations which account for about 85 per cent of world trade are signatories to the 1947 General Agreement on Tariffs and Trade, essentially a code of fair play in international trade. In an effort to avoid the economic blunders typified by restrictionist measures of the depression years of the 1930's, the GATT established a legal framework for the stability of trade concessions negotiated in good faith among nations.

The U. S. gives other nations access to its markets in return for the right of our exporters to sell in their markets. If we impair this access to our markets in any way, two courses of action are available under the

GATT. We can offer reductions in our import barriers against other products equivalent in trade value to the impaired concession, or the foreign country can withdraw concessions affecting an equivalent trade value for U. S. exports.

While the U. S. has the sovereign right to impose restrictions to protect particular sectors of our economy, we have no control over which sectors the foreigners select for increased barriers against our exports.

The cost of increasing protection for one industry will necessarily have repercussions on other industries, though the connection may seem obscure initially. Businessmen generally would be wise to be wary of supporting another industry's drive for restrictions against import competition, because:

First, higher trade barriers always mean higher domestic prices. These costs are borne not only by the consumer but also by other domestic industries which use the protected product.

Second, it is unlikely that a foreign government would retaliate by raising barriers on the same products being given additional protection by the U. S. Long experience indicates the foreign government would probably raise its barriers on other products, to the detriment of U. S. exporters of those products.

Third, erecting barriers to curb foreign exports of certain products to the U. S. may force foreign countries to divert their resources to other industries which are capable of exporting to this country. If a country needs to import, it must also export

to earn foreign exchange to pay for its imports. This means that even though certain U. S. industries might gain from additional protection, others would face increased competition from foreign imports.

Experience demonstrates that granting protection to one industry induces a snowballing effect, because not only do retaliating nations erect additional barriers, but other domestic industries also seek more protection to preserve their position.

This is not to say that certain industries do not warrant some protection. National defense, for example, may well justify it.

Industries faced with rapidly increasing imports also deserve some help in adjusting to the rigors of foreign competition. Just as someone else pays the cost of increasing protectionism, so do individual industries pay the cost when their own protection is reduced, while the rest of the nation benefits. Better adjustment assistance is needed for those industries bearing the brunt of foreign entry into our American markets. Such assistance must be limited, however, so as not to eliminate the beneficial aspects of foreign competition—i.e., providing a motive for the domestic industry to improve its over-all productivity or to shift resources to more profitable areas.

A retreat toward protectionism would not only harm our domestic economy and our labor force (because more people are engaged in industries that export than in industries affected by imports), but it would also contribute to inflationary pressures that harm the consumer as well as worsen the nation's balance of payments problem. In addition, it would impair our foreign policy by breeding hostility throughout the Free World.

Since 1934, both political parties have considered that the national interest lies in expansion of world trade, not its contraction, and in free competition, not protectionism. Most enlightened U. S. business leaders today support this view. However, certain countries having free access to U. S. markets continue to employ a wide variety of nontariff barriers which protect their own industries at the expense of U. S. exporters. This is a major problem that should be resolved through the GATT by resolute, persistent negotiations.

DYNAMIC GROWTH COMPANIES: 1

Koch Industries, Inc. Sons make a global enterprise flower in Kansas

PHOTO: TED RUZUMALSKI—BLACK STAR



President and Board Chairman Charles Koch stands in front of his headquarters in the outskirts of Wichita. He got his first degree in nuclear engineering, but quit the field for fear he'd be working for the government all his life.

The taut reins of one of the nation's largest—but least-known—privately owned firms are held by Charles G. Koch, 34, with help from his 29-year-old twin brothers.

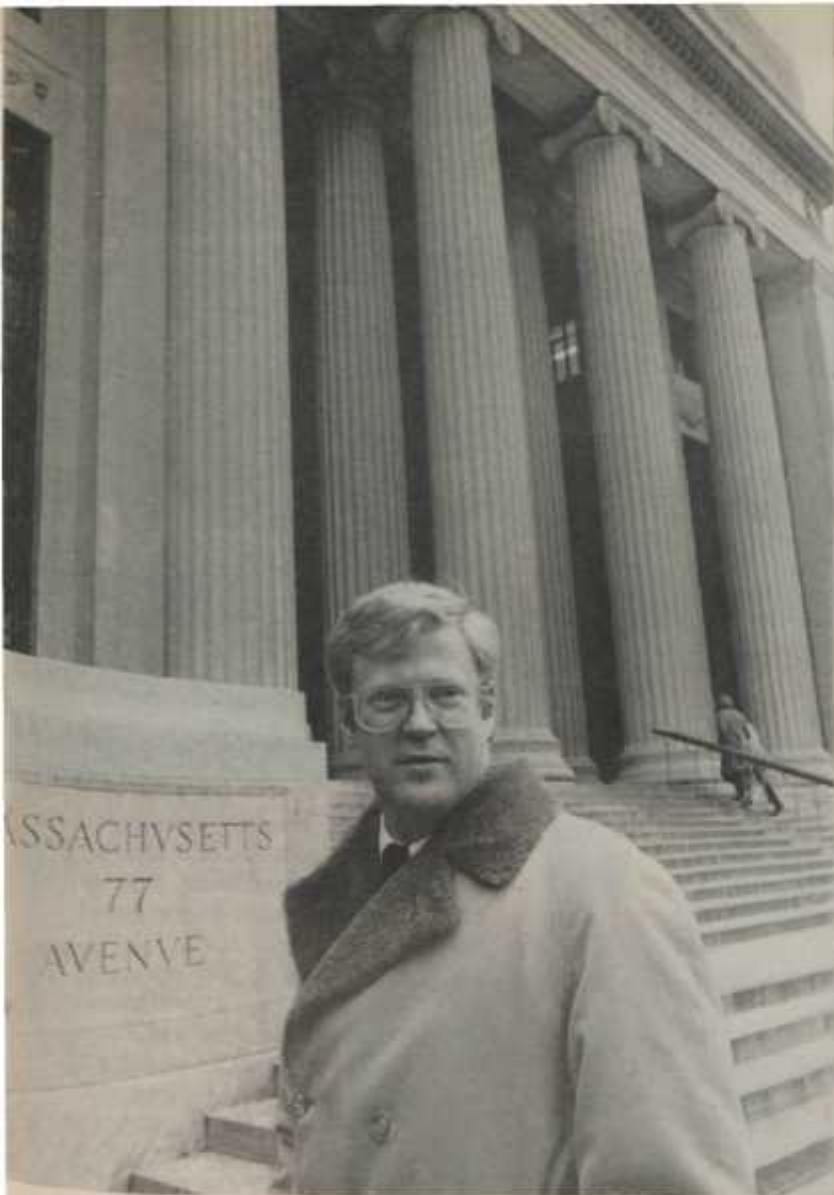
Headquartered in Wichita, Kans., Koch (pronounced "coke") Industries, Inc., is a diversified world-wide business. It is in all phases of the oil business, including exploration, transportation, refining, marketing and trading as well as in the manufacture of chemicals, fiber glass products, process and pollution control systems, venture capital programs and even cattle raising.

Annual sales of the 3,000-employee com-

pany are approximately \$550 million. The Kochs, including an older brother in show business in New York City, hold 80 per cent of the stock. They're all bachelors.

The firm was founded by their father, Fred C. Koch, 45 years ago to build oil refineries. Mr. Koch, a Texas-born oil engineer of Dutch parents, shunned publicity and social affairs. It was not until after his death in November, 1967, that outsiders discovered he was perhaps the richest man in Kansas.

Like his father, Charles attended Massachusetts Institute of Technology and received three engineering degrees. After working for oil and industrial consultant



While working on his Ph.D. in chemical engineering at MIT, brother William runs Koch Venture Capital and is a director of Koch Industries, Imlac Corp. and Koch Development Corp.

PHOTO: WAR WESSER—BLACK STON

firms, he returned to Wichita in 1961 and began taking over parts of his father's operation. In 1966 he became head of the whole company.

Under Charles Koch's leadership, the firm branched into new areas, launched an acquisition program, and more than tripled annual sales.

In 1968 Charles changed the name of the firm from Rock Island Oil & Refining Co. to Koch Industries, Inc.

"We used to get calls in the middle of the night asking what time the next train leaves," Charles explains. "I began to suspect we didn't have a sharp corporate identity."



Koch operates ranches on more than a million acres in four states.



The firm sells 100 million barrels of oil yearly and operates 5,000 miles of pipeline.



Koch is the world's largest maker of mass-transfer equipment for the chemical industry.

continued on next page



Charles, an all-around outdoorsman, is an expert marksman and skier and a champion tennis player. But his favorite sport is white-water kayaking in the Rockies. "It's terrifying," he says. "The waves get up to 10 or 15 feet and there's massive turbulence. You use a two-bladed paddle as an outrigger to do eddy turns and Eskimo rolls. It's just gruelling." He is much more cautious in his approach to business: "We don't like to jump into a new area, even if it is related to what we're already doing. We like to feel our way in, so we can make our mistakes while they're not too costly."

Charles Koch spends many hours in his Wichita apartment reading about economics and political theory.

"Virtually every function or desire of human beings can be supplied by the marketplace on a voluntary basis," he has concluded. "Government intervention just hinders the market's ability to satisfy the needs of individuals and is directed instead toward solving the political desires of politicians. Before a coercive solution to any problem is tried there should be at least an attempt to find a voluntary solution. A coercive solution is a government solution; a voluntary solution is a marketplace solution."

Mr. Koch is director of the Center for Independent Education in Wichita, chairman of the Institute for Humane Studies, Menlo Park, Calif., and on the national board of Rampart College, Santa Ana, Calif.



PHOTO: FRANK WILCOX



PHOTO: TED ROSENALDO—BLACK STAR

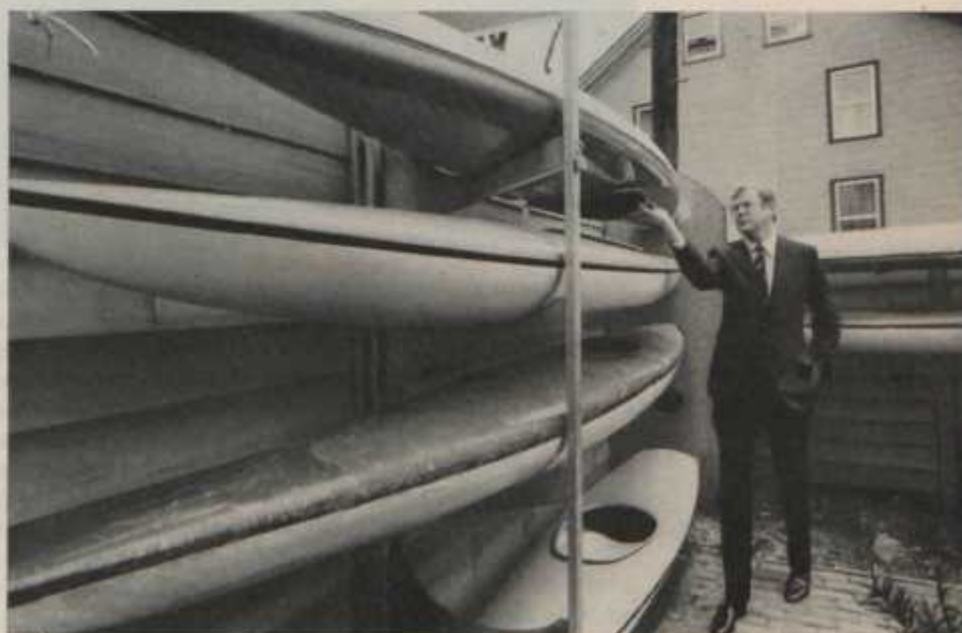
Miss Elizabeth Buzzi accompanies Charles at a Wichita Country Club birthday party for a long-time family friend, the wife of Robert Love, president of Love Box Co. Charles' cramped schedule leaves little time for social events, however. His advice on success in business and life in general is: Do what comes naturally. "You build on your strength," he says. "Money can be made in any field, but the amount you make is determined by how well you do relative to others in the field." The most important quality he looks for in business associates is judgment. "You don't really know, however, whether a man has judgment until you see him operate in your own organization, until you see that what he does is right. That usually means whether it's profitable."

*continued
on next page*



In his office, Charles Koch discusses a proposed acquisition with T. M. Carey (right), financial vice-president and treasurer, and Sterling V. Varner, president of Rock Island Oil Co., part of the original firm founded by Charles' father and now a Koch Industries division. When Charles took over, the firm was mainly engaged in transporting and selling crude oil in the mid-continent and—a business his father had started mostly as a hobby—in land and cattle. His most recent major acquisitions are Great Northern Oil and Atlas Petroleum Co. He also has increased the number of cattle on his ranches and on leased land. "The limits on our expansion are our abilities to generate profits and raise capital," he says.

Like Charles, William, who is six feet four inches, loves to shoot rapids in a cramped kayak. He keeps his boats in a courtyard outside his office. The most sports-minded of the Koch brothers is William's twin, David. He holds numerous athletic honors and is a member of the Manhattan Rugby Football Club. David, another MIT graduate, is a chemical engineer in New York City for Scientific Design, a division of Halcon International, Inc. He also is a director of Koch Industries, Koch Development Corp. and the Fred C. Koch Foundation.





In his office in Cambridge, Mass., William Koch dictates to his shoeless secretary-assistant, Joan Granlund. Miss Granlund, who is an ex-model, often is William's social companion, too. William's Koch Venture Capital announces that it provides "high-risk capital and management and marketing assistance to innovative companies or groups offering promise of high profitability and growth but lacking either a proven track record or adequate implementing funds." William's firm has been in formal operation since July, 1968, but he ran it informally for four years before that. The value of his total investment has quintupled. His investments include ventures in air pollution control, computer displays and peripherals, and equipment for chemical separation and biomedical engineering. He has a sharp eye for ventures that could link with the interests of Koch Industries, Inc. Before investing, he says, he spends much more time analyzing the person he will invest in than he does the person's ideas.

PHOTO: IRAN MAGSIAN—GLASS 2742

William Koch spends a good part of his time at a lab at MIT. Here, beneath a picture of W. C. Fields, he has set up the experimental apparatus for his doctorate on the measurement of gas absorption and gas permeability of microporous membrane. William picked electrical engineer James E. Cunningham, who was Charles' roommate at MIT, to be his executive vice president. William believes that all important industrial innovations have sprung from independent entrepreneurs, not research programs of large corporations or governments. END





TAKE IN A NEW PARTNER —THE CONSUMER

If you are in the fortunate position of being the sole possible producer of a product with an assured market, you need read no further. Your business probably could benefit from an enlightened consumer affairs program so long as your product is reasonably fit for its intended use and the price is fair enough to discourage a search for an acceptable substitute.

But few are in this position. Most businesses face competition, some of it brutal, and are always looking for means to improve their profits.

This is the very essence of our free enterprise economy and has led to newer, more versatile products, lower prices and the breathtaking technological advances of recent years.

WILLIAM G. KAYE, author of this article, served as executive director of the President's Committee on Consumer Interests from 1967 to last June 30, acting as an adviser to Betty Furness and more recently, Mrs. Virginia Knauer, special assistants to the President for consumer affairs. He now has his own consulting firm specializing in consumer matters.

Those advances have changed the entire complexion of the marketplace. It has become increasingly impersonal, complex and confusing and frustrating to consumers. Consumer irritation has led to action—action that can cost a business sales in the short run and profits in the long run if it ignores consumer affairs. Caveat emptor, the entrepreneurial byword of a simpler past, is no longer relevant.

For a businessman, rising to the challenge of awakening consumer interest makes good sense. The results are not measured solely in terms of an amorphous and intangible "feeling of goodwill." They are readily translated into immediate rewards—more sales and larger profits.

Repeat sales and brand loyalty are the hallmark of a satisfied consumer. He becomes an unpaid salesman, seeking to convince his friends and associates of the excellence of his choice.

Conversely, a dissatisfied consumer undergoes a striking transformation. He becomes an anti-customer. He is not satisfied with merely boycotting your product but will, in every way

possible, try to influence potential customers against it. He is an active force seeking to reduce your sales and profits.

The more vocal and imaginative anti-customers can destroy much goodwill and consumer acceptance that has been cultivated by costly advertising and public relations campaigns. (Consider the customer who paints, or would like to paint, lemons all over your product and make sure they are visible to all!)

Lip service

Most businesses have some staff official who is assigned to handle consumer matters. Too often, however, he has no real authority and no input into the business's operations. He will be introduced at public relations and advertising functions and tucked away in a forgotten corner of the home office when substantive product design, engineering and policy decisions are made.

An enlightened consumer affairs program consists of more than preparing polite form letters to answer all written complaints. It means



CARTOON BY RALPH ROBINSON

anticipating consumer complaints, taking consumer advice, giving the consumer a fair shake; in short, accepting the consumer as a knowledgeable partner rather than taking him for granted.

The basic questions to be asked by any businessman are: How important is the consumer to me? And how do I show it?

The answer to the first question is obvious. Without consumers there is no business! They are the one absolutely necessary ingredient to business success.

The answer to the second question seems obvious, too. But is it? Review your business. Is the consumer considered as a customer—a rational human being—or as a cipher whose significance is measured only in terms of end-of-the-month sales figures? Too many businesses will discover, if they objectively review their operations, that consumers are placated—given just enough consideration so that they will not turn to the competition, but ignored when it comes to the important product, engineering and even safety decisions.

In fact, the consumer is a knowledgeable critic who may know more about many facets of your product than you do. Listening to him, and considering his wishes, makes sense in profit terms.

For purposes of simplicity, let us consider two broad facets of the consumer spectrum, namely, the consumer as a customer and the consumer as a partner.

Long live the customer!

As a customer, the consumer should be king—but what shabby treatment we give our monarchs when it comes to handling their complaints! It is an elemental tenet of psychology that many people have to be upset before even one will complain. Realize, therefore, that for every complaint you receive, there are hundreds, perhaps thousands of anti-customers who will exercise their dissatisfaction by buying your rivals' products next time or ridiculing yours at every chance.

What is your mechanism for handling complaints?

How much does it cost? Is it

effective? Responsive? Timely? How do you know? What is your follow-up system?

Have you considered alternative methods? Is top management aware of the types of complaints received? Have you personally read any complaint letter recently?

Complaints can cover the full range of your business's operation from your business name to the courtesy of your truck drivers to the price of your product. It would take many pages to consider all possible areas, but let's look at a few.

Your warranties:

- Is the extent of coverage and non-coverage clearly stated and immediately understood?
- Do the conditions set in the warranty tend to discourage exercising it?
- Do your arrangements with dealers or repairmen tend to discourage them from properly honoring the warranty?
- Do your warranties support your advertising?

After the advertising and the tinsel have been forgotten, after the purchase has been taken home, put to

Take in a New Partner —the Consumer

continued



*Does the package promise
more than what's inside?*

use and gone Pffft, the customer remembers only your warranty. He is already a potential anti-customer; and now if he can't get proper service without undue effort, if he gets a run-around from the retailer (who is in turn discouraged by the manufacturer's attitude), or if he has to argue the meaning of the warranty's language to get service, you will have created a full-blown anti-customer.

But is it necessary? Can your warranties and warranty service be improved? How much would it actually cost and what would the benefits be? What would an immediate replacement program cost? What would the benefits be?

Your repair and service network:

- Are repair facilities conveniently located?
- Are they adequate?
- Do you have frequent style changes? Are they necessary? Are they explained to repairmen in advance?
- Are spare parts and manuals available when new models are introduced?
- Do you tell customers of areas of potential breakdowns and how to spot them?

Anti-customers thrive on poor, inconvenient or nonexistent service facilities. They are nourished by a management feeling that service is a necessary evil to be dealt with only when "important" matters have been taken care of. Their legions are filled with those who have to return a product to the factory for service, take a product used in the suburbs to a central city repair location, try to get to a service center with inconvenient midweek business hours, lose the use of the product because spare parts are unavailable, etc. Between purchases, the repair service is the only

contact that the customer has with the manufacturer.

It should be used to bolster his faith in the company, not turn him into an anti-customer.

For that matter, consider also your model changes. Are they necessary or have they merely become part of the mystique of the industry? Model changes cause proliferation of parts for repairs and service, and confusion among customers, not to mention among repairmen. They should be made only when there is good reason for them.

Your packaging:

- Does the product do justice to the picture on the package?
- Does the size of the package promise more than the amount of the product included?
- Does your product come in too many or too few sizes? Are they standardized?
- Does your package permit easy price-quantity comparisons?
- Is all useful material printed on the package and is all the material printed on the package useful?
- Does your label include items of current or particular interest, such as calorie count per ounce or relative nutritive value?

Your package represents your business. Of course it should be attractive, but it also should be informative and representative. Customers want information at their fingertips, and it makes good business sense to give it to them.

Safety factors of your product:

- What are its inherent safety hazards?
- Has it been both laboratory-and-use-tested? Over a long enough period?

- Does it meet the industry's standards?
- Is the industry's standard-setting mechanism adequate?
- Have standards been updated to reflect current technological changes?

Examples of safety failures fill the newspapers (and the *Congressional Record*) every day. Of course, there are standards in almost every industry, but if they were all they should be, there would be no need for a National Commission on Product Safety, for Congressional hearings, for Ralph Nader, etc. Nothing can kill sales quicker than safety failures. Nothing leads to greater losses and legal damages. Nothing causes more heartbreaks. Then why do we pay such little attention to safety factors? Why do we continue making products that prove to be unsafe under foreseeable uses? Why do we continue to talk safety but refuse to encourage adequate, voluntary standards and enforcement?

The measure of business failure in this area can be seen by reviewing the recent history of government regulation and the many current campaigns for regulation in hitherto untouched areas. Safety failures are bad business and should not be permitted by the businessman.

Safety is not limited to shock hazards, sharp edges and brittle parts. In many areas, particularly in the food industry, questions of wholesomeness and sanitation are equally important. Consumers have no choice but to rely on businesses in these matters. Is their reliance well-placed? • Are your food standards adequate in light of today's scientific and technological advances?



*A dissatisfied customer
undergoes a transformation.*

- Has your production methodology kept pace?
- Are your additives necessary? Are you aware of all their effects? Has your product lost its identity under a deluge of additives and preservatives?
- Do you make clear to all handlers (and the ultimate consumer) what special care requirements are necessary to prevent adulteration?

Everyone might agree that the horrors catalogued in Upton Sinclair's "The Jungle" were part of an earlier age and have no place in today's economy. But the Congressional hearings that resulted in the recent Wholesome Meat and Wholesome Poultry Products Acts presented some evidence to the contrary. How about your business? Remember, while the permissible margin for error may vary from industry to industry, it is almost nonexistent in the food and drug industries. A low percentage of production error may be acceptable in appliances but could be fatal in foods and drugs.

Unpaid partner can pay off

We've considered the consumer as a customer; now let's think of him as a partner—an unpaid partner who may know more about the practical aspects of your product than you do and who will be pleased to have you adopt some of his ideas, anonymously.

Those businesses that have taken the time and spent the effort systematically to review consumer mail have discovered that many consumers are knowledgeable and make positive suggestions. Although consumers may not be graduate engineers, they can be quite creative and imaginative.

Remember, the consumer uses the product. He knows its strong and weak points. But what input does he have in your scheme of product engineering? It may not be too troublesome to devise a method for providing this input. The benefits that could flow from such a system are not limited to lower costs and higher sales.

Either as customer or partner, the consumer should not be kept in the dark. Consumer information and education are integral parts of a comprehensive consumer affairs program and deserve more attention from business than they now receive.

A consumer who believes information is being withheld, or who has no knowledge of the workings of the

marketplace, cannot exercise intelligent choices in the market. The resulting frustration breeds suspicion and anger. The suspicion and anger add to the ranks of anti-customers who could have been satisfied customers.

Consumer information and education programs are complements to advertising and marketing programs aimed at creating a positive image for a business.

With proper information, a consumer will know what your product can and cannot do.

Consumer education has a broader function. It is aimed at providing an understanding of the workings of the marketplace and the consumer's position in it. Does your business have either program, and does it accomplish its objectives?

- Are your information and education materials prepared with a particular group in mind (the young, the single, the poor, etc.)? Do they reach these groups?
- Are your information and education materials consistent with your advertising and marketing materials?
- Are your instructions use-tested? Are they concise and understandable?
- Is your educational material overly partisan? Have you been objective?

Many more questions could be asked, tailored to your specific business and product or service line. There is no general panacea or ready-made program. Much depends on the individual business, its products, its problems, its consumers, its competition and other relevant matters.

But if your business currently overlooks the consumer, or simply pays lip service to his cause, you may be missing a vast market potential. Chances are that your market will not be greatly affected by continuing your current inactivity—provided your competitors do the same. Consider, though, the increased business you will reap by giving the consumer his due. Unless your competitor does it first.

END

REPRINTS of "Take in a New Partner—the Consumer" may be obtained from *Nation's Business*, 1615 H St. N.W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1000 or more, 14 cents each. Please enclose remittance with order.



What is your mechanism for handling complaints?

The problems analyzed in this article present serious challenges to American business. These challenges will become increasingly grave as consumers become more sophisticated, more critical, more vocal and more organized.

The author of the article indicates some courses of action which each company and businessman can take to deal effectively with consumer criticisms of the marketplace.

But there also is need for collective business action. Such action could well utilize the Business-Consumer Relations Program of the Chamber of Commerce of the United States, available to local chambers of commerce around the country.

This program advocates, simply, that local businessmen and consumer representatives meet together to discuss—and resolve—the concerns consumers have today. Actions to tackle locally identified consumer problems are an essential part of the program.

For more information on the Business-Consumer Relations Program, write National Economic Development Group, Chamber of Commerce of the United States, 1615 H St. N. W., Washington, D. C. 20006

New Tool for Cutting Government Costs

A Congress-backed commission aims at giving Uncle Sam fair value when he buys—and in being fair to the sellers, too

By Rep. Chet Holifield

*Chairman, Military Operations Subcommittee,
House Government Operations Committee*

I have never joined with those who use the term "military-industrial complex" to allege a massive, evil conspiracy to defraud the taxpayer.

There undoubtedly is a complex of massive selling and massive purchasing for products needed by the federal government, and I believe that it is necessary for government and industry to cooperate in every way possible to obtain the goods needed for national security.

But I also believe that in setting the prices paid for goods, a normal, arm's-length relationship, which occurs in the private sector between buyer and seller, should be maintained. Furthermore, I believe this arm's-length relationship has been maintained in most instances.

Rather than an overly friendly relationship between government and industry, there is more likely to be a conflict. Notwithstanding the fact that the government and its suppliers are working together toward common goals, the conflict occurs because of the government purchaser's "watchdog" obligation to see that profits and costs are not excessive.

The business community has the responsibility of making profits for its stockholders, and the government purchaser has the responsibility of guarding the interest of the taxpayer and getting as much for a dollar as he can through a continuing process of negotiations.

Congress has not by any means given the military a blank check in purchasing but, on the contrary, has enacted laws such as the Truth in Negotiations Act, which requires con-

tractors to furnish accurate, complete and timely cost or pricing data; and the Renegotiation Act, which permits the federal government to recapture any excess profits. Another law gives the General Accounting Office access to contractors' books and records.

The latest manifestation of the determination of Congress to assure maximum economy in government purchasing was the passage of my bill to establish the Commission on Government Procurement.

In essence, the commission has a broad mandate to take a close, hard look at the way the government buys things and to recommend improvements all along the line.

Efficient and effective

The goals are economy, efficiency and effectiveness. The bill's policy declaration sets out 12 general ways for achieving them. These are intended as general guidelines for the commission's work, and not as changes of existing procurement laws.

The commission will have five members appointed by the President and three each by the speaker of the House and the president of the Senate. Five of those 11 appointees must come from outside the federal government. The comptroller general will serve as an ex-officio member. The bill as passed limits the commission's life to two years, at the end of which it will make a final report containing recommendations for improving procurement practices.

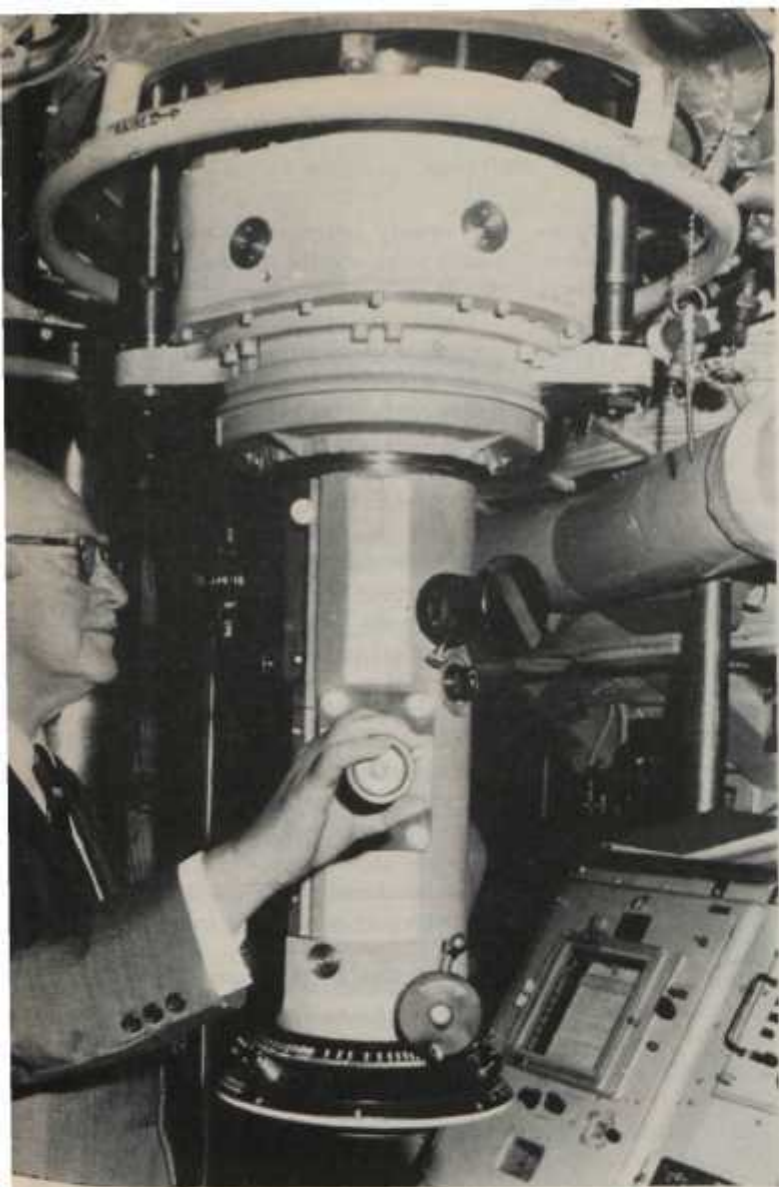
We want to avoid or eliminate wherever possible overlapping and duplication in government procure-

ment organizations and activities as well as redundant requirements on contractors. In the procurement laws and the great mass of regulations and directives, there are gaps, omissions, inconsistencies and obsolete provisions which we want to identify and bring to the attention of Congress. Greater uniformity and simplicity in procurement procedures is another aim.

And I think it is possible to bring about more uniform procedures in all departments of government. Many small businessmen have told me that, after learning how to do business with the Defense Department, they have tried to deal with other agencies and have found entirely different procedures.

The government has an obligation not only to protect the public interest,





Rep. Chet Holifield (D.-Calif.) keeps a sharp eye on the defense establishment from his vantage point as chairman of the military operations subcommittee of the House Government Operations Committee. His experiences on the subcommittee led to establishment of the new Commission on Government Procurement. The Congressman has a double interest in nuclear submarines such as the one he's inspecting here. He's also chairman of the Joint Committee on Atomic Energy.

but to be fair in its dealings with business. And so, fair dealing and equitable relationships between the contracting parties will be a concern of the commission.

The commission will study all methods of government procurement — competitive bidding, cost-plus, in-house production, and the so-called incentive formula for contracting. It will evaluate these and other methods and recommend areas of more effective application.

The need for this kind of approach became apparent to me during my service as a member of the second Hoover Commission and in 15 years as chairman of the military operations subcommittee of the House Committee on Government Operations.

During those 15 years, we looked at hundreds, and possibly thousands, of contracts. I had frequent occasion to point out deficiencies and to recommend changes in procurement methods. After a series of hearings on auditing of defense contracts, my subcommittee suggested in March, 1966, that the Bureau of the Budget study the idea of a Presidentially-appointed board "to consider the direction and effects of procurement policies and government programs on a government-wide basis."

Taking the initiative

When six months went by without any visible action by the Budget Bureau, I decided, and announced at a West Coast meeting of a defense industry group, that I planned to go

ahead and have Congress take the initiative in establishing a commission.

I had become convinced that beyond an investigation of specific cases, consideration must be given to faults in the basic procurement procedures which allowed such incidents to occur. I felt that more than a rapid job on an emergency basis was needed, that a fundamental re-examination of the whole government-contractor relationship should be made, and that such a study should be made by a diversified group of competent persons selected from the ranks of industry and government.

The Ninetieth Congress that met in 1967-68 saw various committee investigations into the procurement area. There were questions of overcharges on small purchases, laxity in enforcement of the Truth in Negotiations Act, lack of uniform accounting standards, lack of price competition in some contract awards such as those for the M-16 rifle, and the pros and cons of extending the Renegotiation Act. Those were the kinds of issues which were publicized in Congressional forums and which resulted in some new legislative or regulatory provisions. But Congress was not quite ready for a commission on government procurement.

The committees conducting investigations, and particularly the Armed Services Committee, looked askance at the idea of a commission, believing it would deflect attention from their work or cause a postponement of needed reforms.

In the Ninety-first Congress, the

New Tool for Cutting Government Costs *continued*

picture changed for several reasons. In the first place, we did a much more extensive job of identifying major problem areas and documenting support for the commission. Secondly, the Armed Services Committee withdrew its opposition in the face of the evident need for a serious study of government procurement.

Thirdly, and perhaps most important of all, members of Congress, whether supporters or critics of the military establishment, wanted constructive action. They had heard so many allegations about cost overruns in multibillion dollar defense programs, deficiencies in contractor performance and waste and mismanagement, that they wanted to know the actual situation.

At the same time, they were aware that Congress did not have precisely the resources needed for a complex and exacting job.

The result was approval last year of the bill establishing the Commission on Government Procurement.

Varied viewpoints

In drafting the bill, I saw a need for having representation from outside the government so we could get various points of view, particularly

those of businessmen with long experience in dealing with government.

I also thought that, in order to have a proper balance on the commission, it should have Congressional members who could participate in the study and who could act as a liaison with the Legislative branch after the commission's work was done, when Congress was considering legislation to implement the commission's recommendations.

The liaison role should also be performed by the Executive branch of government and I felt that we should draw upon the expertise which stems from the extensive experience federal procurement agencies have had. We must not forget that the federal government spends \$55 billion a year on procurement, and the Defense Department is responsible for 80 per cent of that amount.

I believe that inclusion of the comptroller general is a very wise provision because of the tremendous investigatory experience and expertise in his agency and because his agency's very purpose is to protect the integrity of tax-dollar expenditures.

Considering the \$55 billion in yearly procurement spending, the potential for savings is large. A few million dol-

lars wisely invested in the commission's work should return ample dividends to the taxpayers.

Under its statutory charter, the commission can employ its own staff, draw upon government departments and agencies for assistance and contract with private organizations. The commission also can hold hearings at any place in the country and examine company books and records. Witnesses before the commission surely will cooperate, but it is armed with subpoena power just in case it runs into a recalcitrant party.

I would expect the commission to enlist the best brains in the nation in analyzing and evaluating government procurement practices. The commission should serve no interest but the public interest, which means to me complete objectivity, rigorous pursuit of the facts and judicious weighing of competing or conflicting values.

Paging the Pentagon

The Defense Department, as the biggest spender and buyer, inevitably will get major attention. On the other hand, civilian agency procurement will become more and more important with shifting national priorities.

Industry will find new government customers with widely varying procurement procedures and practices. It will be mutually helpful to government buyers and industry sellers if the commission can contribute toward more clarity, uniformity and consistency in civil, as well as defense procurement.

We must recognize, of course, that there are no magic formulas for solving the procurement problems highlighted in the press and in the halls of Congress.

This commission will have no wands to wave, no tricks up its collective sleeve.

What it will do is work for constructive change. It will search out better ways for the government to do its business. It will be interested in sound pricing, fair dealing and a host of other factors that involve government-industry relationships under the name of procurement.

The commission's work as a whole, I believe, will contribute greatly to management and public understanding of government business. **END**

Pointers on Doing Business With the Pentagon

Buying policies of the U. S. armed forces are a long way from being free and easy.

Practically any businessman who's had dealings with the Pentagon will tell you how tough civilian and military procurement officials are in demanding top value for the tax dollar.

Defense spending isn't guided by the whims of purchasing officers. It's controlled by a large body of federal laws implemented by the much larger Armed Services Procurement Regulations—a collection of 25 sections, 14 appendices, a manual and five supplements.

The collection has doubled in size in the past five years.

On top of that, each branch of the armed services has its own set of regulations to implement the ASPR according to its individual needs. So, there also are Air Force Procurement Procedures, Navy Procurement Direc-

tives and Army Procurement Procedures.

It's all pretty formidable for the businessman. While larger companies have their own lawyers to guide them through the regulations maze, the small businessman entering the field would do well to obtain a new Small Business Administration publication, "Pointers on Negotiating DOD Contracts."

Its seven concise, easy-to-read pages spotlight key provisions of defense contracting regulations.

"Doing business with the Department of Defense can be a profitable or a costly experience," the pamphlet says. "Whether a small businessman makes money, loses money or breaks even depends to a great extent on his understanding of the contract he signs." The pamphlet is available from SBA's field offices or its Washington headquarters, Zip code 20416.

Leonard Bernstein would be in the Boston Symphony audience if he had become a mathematician

But, then, you only have to hear Mr. Bernstein's creative genius once to realize that he belongs in front of the audience . . . not in it.

If his field were mathematics, though, Massachusetts would have been his logical choice as a place to live and work.

And he'd be part of a dynamic group of other professional and technical men.

Which is why so many businesses that require professional or highly skilled help love it here, too. They come here to stay. And to flourish. With 117 renowned institutions of higher learning, intelligent local and state governments, excellent transportation networks (including the world's 8th busiest airport) and other benefits, Massachusetts would make a mighty comfortable – and profitable – place for your business to live.

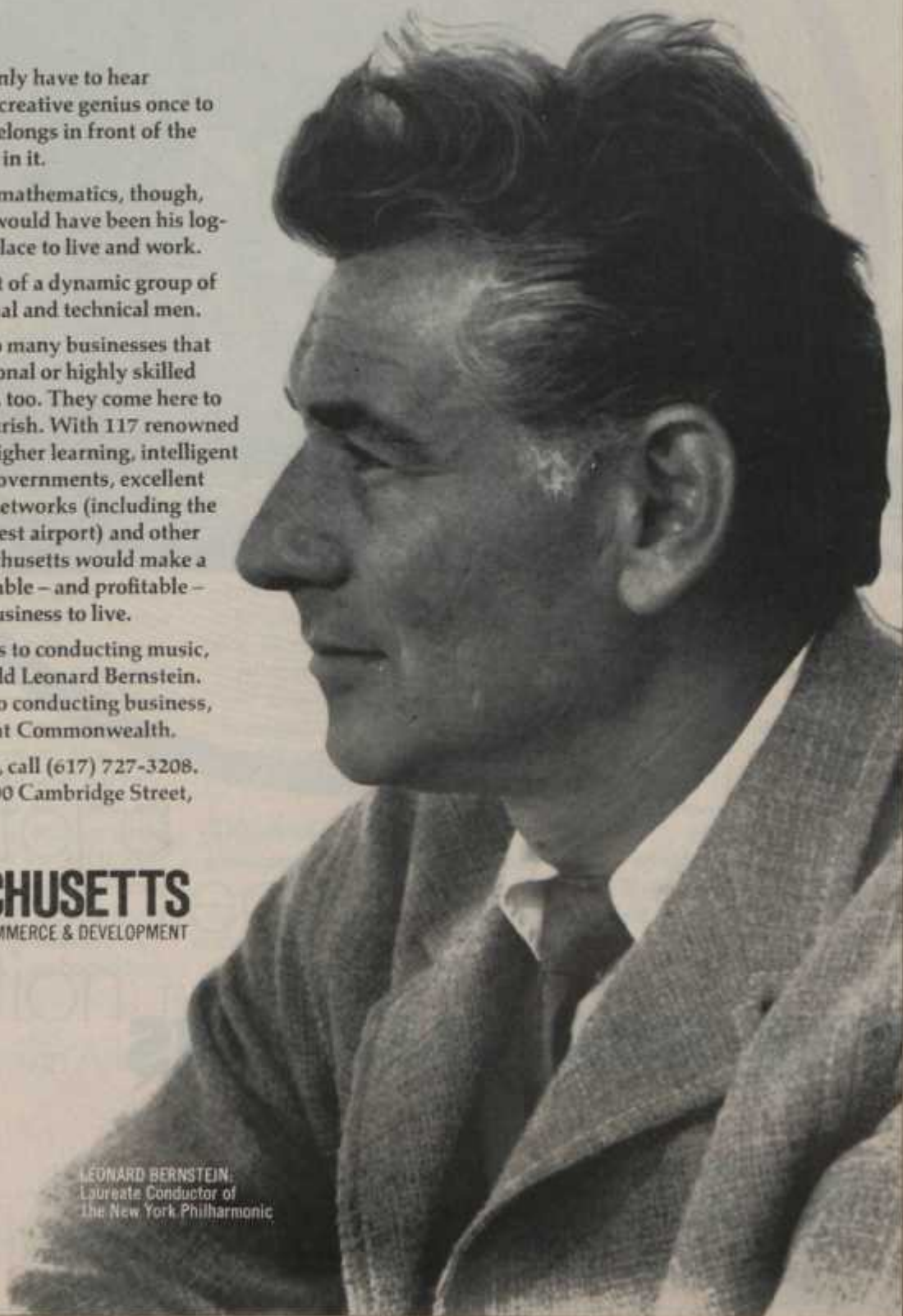
So when it comes to conducting music, we offer the world Leonard Bernstein. When it comes to conducting business, we offer our great Commonwealth.

For a closer look, call (617) 727-3208. Or write us at 100 Cambridge Street, Boston 02202.

MASSACHUSETTS

DEPARTMENT OF COMMERCE & DEVELOPMENT

LEONARD BERNSTEIN:
Laureate Conductor of
the New York Philharmonic



We accommodate.



As industry expands to meet the greater needs of America's mushrooming population, the State of Illinois is expanding its facilities and services to accommodate the greater needs of industry.

Highlighting this effort is the largest state highway improvement program in the Nation.

Plans call for a 2,200 mile network of state freeways—25% longer than our interstate freeway system. When the work is complete, every town in Illinois with over 5,000 population will

be within 30 miles of a freeway access. Industry in all parts of Illinois will be able to move goods faster and more economically.

We are also widening and re-surfacing over 5,000 miles of existing state highways. We are widening and rebuilding 1,500 bridges.

In other areas, we are studying possibilities for major expansions of our seaport and airport facilities. We are up-grading our educational system and expanding our State recreation facilities.

We are innovating in the area

of law enforcement and penal reform. We are overhauling our revenue policies. Illinois recently became the first state to share state income tax funds with local municipalities on a per capita basis with no strings attached.

In the new Illinois, progress is the first order of the day. If your plans include expanding or relocating, we urge you to consider what Illinois can do for you and your company.

In the new Illinois, we accommodate.

THE NEW ILLINOIS



Aim for a
more strategic
location: The opportunity
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Aiding Trade in a Big Way



Its builders say it will be the headquarters of America's export-import business, "the clearinghouse for the handling, development and expansion of international commerce."

And there's no question the World Trade Center now rising on the lower west side of Manhattan, in New York City's financial district, has the dimensions to back up those sweeping goals.

Two 110-story towers will soar 1,350 feet, making them the world's tallest buildings. At their base will be four eight-story buildings, including one for the U. S. Customs Office and another for a 600-room hotel.

The massive complex is being built by the Port of New York Authority on 16 acres—formerly 14 busy blocks of streets, sidewalks, stores and offices. It will have 10 million square feet of office space, nearly 800 individual tenants employing 50,000 people, and more than 80,000 daily visitors.

Just preparing the site was quite a job in itself. More than 160 buildings had to be demolished. A maze of underground installations—phone, electric, fire-alarm, water, gas, sewer and steam lines and pneumatic tubes—had to be relocated.

Then, excavation.

More than 1.2 million cubic yards of earth, rock and debris were removed, trucked a short distance and dumped into a cofferdam extending 700 feet into the Hudson River. The resulting 23½ acres of land, worth an estimated \$90 million, were donated to New York City.

Concrete was poured at the site and the result was a foundation 980 feet long, 510 feet wide and 70 feet deep to bedrock.

Running through it were two giant metal tubes carrying the New York-New Jersey commuter rail lines. The excavation work uncovered them, workers built underpinnings and the rail operations continued uninterrupted with the two segments seemingly in midair. (The tubes have since been incorporated in the center's lower levels.)

The project will require 200,000 tons of steel, 43,600 windows, enough concrete to build a five-foot-wide sidewalk between New York and Washington, enough electrical wire to reach to Mexico.

Each floor in the towers will contain nearly an acre of space. Because most of the weight-bearing steel columns will be on the outside of the buildings, floor areas will be unobstructed. The only interior columns will be in core areas housing elevators.

When the north tower, the first under construction, reaches 1,250 feet and one inch, it will be the world's tallest building, taking the honor from the Empire State Building, which has held it since 1931.

And the finished trade center complex will contain a total of 230 acres of space—80 acres more than in the Pentagon, now the largest building on earth.

Although the center won't be opened to its first tenants until next fall and won't be completed until

1973, 90 per cent of its space already has been leased.

It will house, the Port Authority says, "a complete range of world trade services and a unique concentration of international business contacts."

Tenants will include—among others—exporters, importers, federal agencies, foreign commercial attachés and purchasing missions, trade associations, corporate offices, custom-house brokers, ship, rail, truck and air lines, law firms, freight forwarders, marine insurance companies and banks.

There will be centers for exhibiting goods from all countries and a communications-computer center which, the Authority says, will be the most comprehensive available for commercial use. In split seconds, a data-storage bank will provide all the trade information a businessman wants on a designated country.

The exhibit centers, information facilities and centralized operations will be particularly valuable to small businessmen now without resources to venture as far as they would like into world trade.

The Port Authority—an agency which was created by New York and New Jersey in 1921 to bring order to their joint harbor, and which since has moved into air and land transportation, too—will finance the center's \$600 million cost entirely through income from the facilities. As in all of the Authority's operations, there will be no cost to taxpayers. **END**



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business: a look ahead

CONSTRUCTION

A new program which avoids some of the drawbacks that gave urban renewal a bad name is gaining urban support and putting pressure for more funds on Congress and an Administration anxious to control spending.

The Neighborhood Development Program permits cities to move quickly into small projects with funding on an annual basis, and vests control in the city government rather than a housing agency.

This avoids the years of delay resulting

from the necessity to plan and coordinate projects for a huge area before anything visible gets under way.

There were 35 cities enrolled last year as a result of a hard sell by the outgoing Administration; now, nearly 300 cities have applied or prepared to do so.

Demand for federal grants has been estimated at \$1.6 billion, as against some \$340 million available, and there has been pressure for a supplemental appropriation for the current fiscal year.

FOREIGN TRADE

American companies doing business in Latin America are girding for some rough going in the immediate future as a result of rising political nationalism being translated into economic restrictions.

One basis for concern is a ministerial-level declaration by Latin American governments last year downplaying the value of private American investment and accusing the U. S. of taking more out of Latin America than it puts in.

The Inter-American Economic and Social Council, an arm of the Organization of American States, wrestled with the problem of taking a position on the declaration

late last year without much success. Meanwhile, the Council for Latin America, Inc., representing some 200 major U. S. companies doing business in nations south of the border, has been trying to head off problems by challenging the accusations being leveled at this country.

At the same time, the Council is urging members which export products produced in Latin America to expand their efforts, and others to explore the possibilities.

This ties in with Latin American nations' own desire to boost exports and the Nixon Administration's policy of encouraging such efforts.

MARKETING

Outcome of a marketing experiment, due this spring, is expected to have strong influence on price information given supermarket shoppers and on prospects for legislation requiring unit price marking of billions of items.

The National Association of Food Chains and Washington, D. C., area Safeway stores are cooperating in a program to give consumers unit price information in four stores, two in low-income city areas and two in affluent suburbs.

Two methods are used. One is to provide plastic computing devices enabling the customer to figure out unit price on the basis of item cost and contents by weight or

volume. The other involves labeling of shelf areas with information including price by unit of measurement.

Initial experience of casual observers has been inconclusive, but final evaluation by university experts has been arranged. The goal is to determine whether the customer considers the information worth the trouble. "If there is a value commensurate with the costs, we'll be glad to support the program," says one executive.

An alternative that business is not about to support is embodied in legislation calling for unit-price marking of each of the 210 billion items sold yearly, a process the food chains say would cost \$350 million.

AGRICULTURE

Success of an experiment in decentralized processing of tomatoes in field stations may lead to similar radical changes in processing other agricultural commodities.

Government researchers and the National Canners Association have been developing a technique in California involving tomato juice which promises striking advantages.

It involves field use of three mobile components: a processing line on a flatbed truck trailer, a portable steam boiler and an air-

conditioned laboratory. Such processing minimizes waste and spoilage by reducing handling and the time between harvest and processing, and saves on transportation costs by limiting what's hauled to the edible product.

It also combats another growing problem, water pollution. Waste water from the process is dumped on the fields through an irrigation system; solid organic wastes also are distributed over the crop land.

CREDIT AND FINANCE

The role of credit card fraud in bankrolling operations of organized crime will be investigated by Congressional probes examining the impact of racketeering on business.

A partial picture has already begun to take shape. One of five crooks convicted of defrauding Diners Club of \$720,000 by counterfeiting credit cards was found shot to death.

The son of a former rackets boss was convicted of credit card fraud.

A House post office subcommittee has been told of losses of \$100 million a year from thefts of unsolicited credit cards. And a Senate financial institutions subcommittee has learned that organized crime places a \$100 black market price tag on stolen credit cards.

But a top Senate investigator confides that these are merely pieces of a larger nationwide problem which full-blown hearings would disclose.

MANUFACTURING

The commercial electronic equipment market will reach \$29 billion by 1972, for an annual growth rate of better than 10 per cent.

That's the forecast of a technological information service of Quantum Science Corp.

Total production of U. S. electronic

equipment is forecast at \$52.7 billion, for a growth rate exceeding 7 per cent, because of lesser defense outlays.

The service also predicts market growth of 10.5 per cent in educational equipment, 16 per cent in computer equipment, and 11 per cent in communications equipment.

NATURAL RESOURCES

Growing numbers of utility companies are experimenting with natural gas for their fleet automobiles as a measure to reduce air pollution in cities.

Some 20 have followed the lead of Pacific Lighting System of Los Angeles, which developed a system whereby a vehicle can use natural gas for in-town driving and switch to gasoline for longer hauls.

A company known as Natural Gas Vehicles, Inc., has been formed in Washington to promote use of the system on grounds

that natural gas exhaust contains greatly reduced volumes of contaminants.

General Services Administration, the federal government housekeeping agency, also is experimenting with the system; there now are fleets of federally owned cars using natural gas at two NASA installations.

There has been no great surge of conversions since the system was first promoted last summer, but an officer of the Washington company expects use to pick up within the next year.

TRANSPORTATION

Airlines are looking ahead to an era of airborne computers to help diagnose failures in that electronic equipment they're stuffing into airplanes.

Apparent in-flight malfunctions in equipment such as navigational and communications systems require replacement of units with pit-stop speed when planes land.

Safety is not the issue, since planes carry back-up equipment. But stockpiling of expensive components on the ground is a big cost item, particularly in view of the fact that often no malfunction is found in suspect equipment.

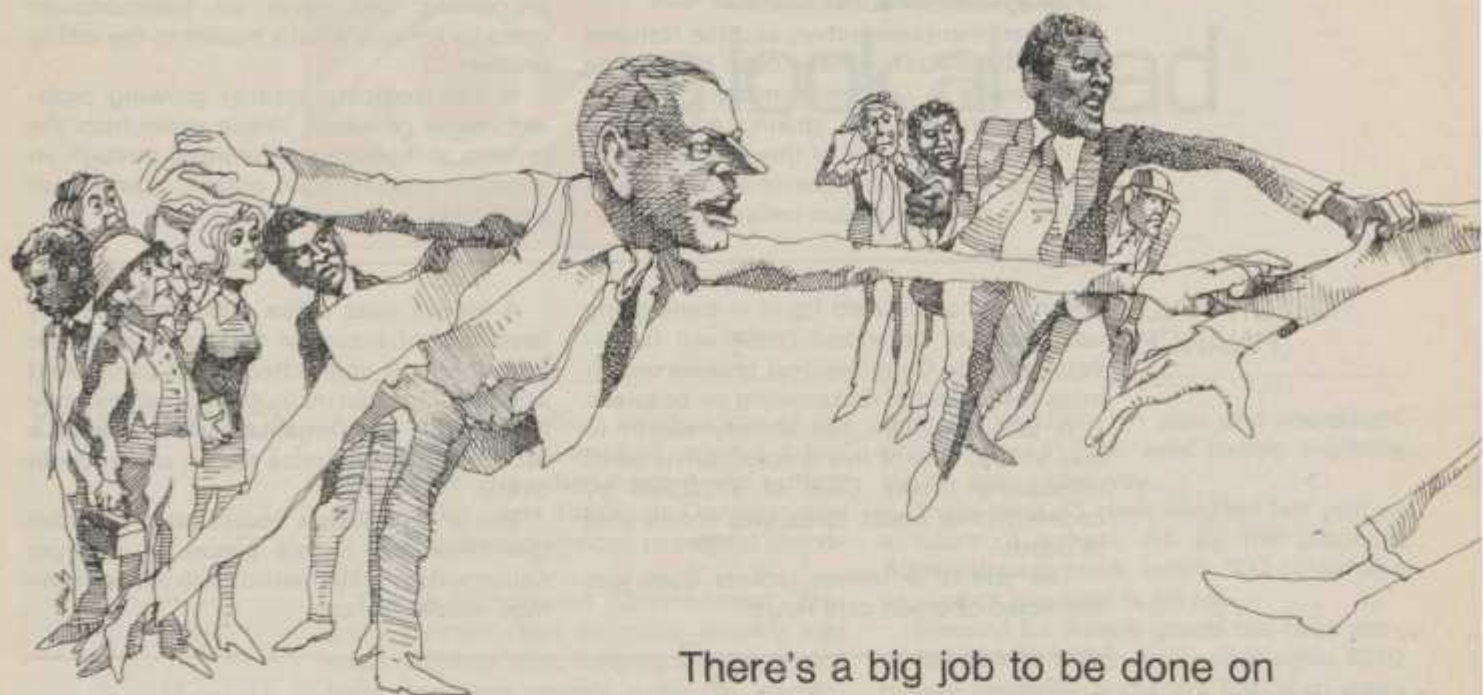
This leads engineers to seek devices

for in-flight diagnosis, on grounds greater time is available and earthbound analysts can't duplicate operating conditions under which a suspected breakdown occurred.

Jonathan H. Olds, assistant director of electronic engineering for Pan American, puts it this way:

"Yesterday the cost and complexity of a digital computer was prohibitive for commercial airborne use. Today we see these computers in such systems as inertial navigation, air data. . . . Tomorrow, the cost and complexity of digital computers will shrink to the point where the devices will become cost effective for in-flight fault analysis."

TANGLING WITH THE



There's a big job to be done on jobs for those who need them most—if only the system can be made to work properly

Cleveland businessmen willing to hire the unemployed were besieged by groups competing for openings. To accommodate one was to alienate others in a tense community; job training was done with little regard for business needs, and it was nearly impossible to tell who was in charge.

Business tried with little success to straighten out the manpower mess. Many poor job-seekers didn't know where to turn, were frustrated, defeated. A local agency inventoried 12 programs with 16,700 enrolled and costing \$13 million, and called on City Hall for help.

Last April, Mayor Carl B. Stokes met with Secretary of Labor George Shultz and was convinced the new Administration meant business about consolidating fragmented federal programs, decentralizing decision-making to state and local levels and promoting the packaging of comprehensive manpower services on a metropolitan area basis.

The mayor called together key local manpower experts, public and

private, and by year's end the upshot was a broadly representative Jobs Executive Committee (JEC). Its goal is to serve as a model of local cooperation and coordination, and management of federal programs to be reformed under pending legislation. Business is deeply involved, with a Greater Cleveland Growth Association officer and board member as chairman of JEC, a staff director on loan from Ohio Bell, and the Association undertaking JEC financing with its own and foundation funds.

A New York University expert studied the Cleveland JEC's organizing efforts under a Labor Department contract and came away impressed with the talents and commitment of the people involved.

"I think they might be able to pull this off," David Rodgers told NATION'S BUSINESS. "They have a lot going for them."

A bewildering number of programs directed at the same goal but shooting off in many directions confronts many

cities. This often confusing array was a prime reason President Nixon proposed to Congress a vast overhaul and reform of federal manpower programs that have grown tenfold in the past decade, with federal spending in this field alone now more than \$2 billion annually.

Manpower projects have long enjoyed business support, first as tools to combat unemployment in time of recession and then as a means of progress for the disadvantaged.

The stakes include availability of skilled manpower, lessened burden on public spending, and community stability.

The available programs provide for recruitment and motivation, basic education, orientation, various types of job training and work experience, job development and supporting assistance such as transportation and day care for children of working mothers. But their growth has been less than systematic.

"Administration officials and members of Congress have been too im-

MANPOWER TANGLE



patient to await results of new and existing programs and to allow for restructuring, removal of negative elements and expansion into effective programs," says Sar A. Levitan of George Washington University in his "Federal Training and Work Programs in the Sixties."

In search of "instant success"

"There has been an excessive resort to gimmicks and attempts to devise 'instant policies for instant success.' The procedure has become a familiar one. New approaches are . . . launched with public relations fanfare, complete with numerical goals and early target dates.

"Manipulation of numbers to 'prove' success then becomes a major staff function until a quiet burial of the goals and targets can be devised or until the public forgets the promises. Long-range planning, careful evaluation, and more modest and realistic promises are a needed substitute for 'panacea-hopping.'"

Secretary Shultz also has criticized

the proliferation of separate programs, each with its own statutory authority, funding source and eligibility requirements.

"There is an overriding concern with filling available slots for a particular program rather than developing the mix of services the individual needs to become a productive member of the work force, and the community requires to cope with local problems," he says.

President Nixon's special manpower message to Congress, proposing broad reforms, cited examples of "duplication of effort, inflexible funding arrangements and an endless ribbon of red tape":

- A jobless man with mechanical aptitude finds no training opportunities open at a training center while at the same time another program has vacancies for white collar trainees. Funds can't be shifted from one program to another.

- A big-city mayor tries to exercise leadership in putting manpower programs on a rational basis—metropol-

itan area or job market—and finds there is no way to determine what's available and what's going on.

- An unemployed high school dropout in a small town wants to study electronics, but finds that there isn't enough demand locally to warrant a training program in the public school system and that "administrative procedures" prevent use of government funds at a private technical institute.

Unhealthy competition

These are not isolated examples. In Baltimore, for example, a report on job training listed 25 major programs and 15 related activities, each with its own geographic, fiscal and eligibility restrictions and often in direct competition among themselves.

"Thus, employers are constantly harassed by the competitive and duplicative activities of 25 job developers looking to sell the same product for the same purpose," the report stated. "Constant harassment on the part of the many job developers has caused potential employers to ques-

Tangling With the Manpower Tangle *continued*

tion the quality of the product being sold, the professional know-how of the manpower programs being represented and the sincerity of the programs in alleviating the unemployment problem.

"The first question employers ask is why the programs have not gotten together as businesses often do to put forth a concerted effort to lick this problem."

These criticisms were made in Baltimore's proposal for funds from Model Cities, itself intended as a mechanism for coordinating government programs. Existing manpower programs were branded as "self-sustaining," catering to something akin to "career enrollees."

A year after this report, Robert C. Lee, manpower staff man for Model Cities, told NATION'S BUSINESS:

"We still do not have the kind of coordinating mechanism we would like to have," meaning some measure of control. "That's one of the weaknesses of the thing. . . . We have about

39 manpower programs in the Baltimore area and believe me, that's pure, unadulterated hell."

Career enrollees? "That's still going on. . . . You still have them. This is a vicious cycle."

Similar reports abound elsewhere.

Newark: Many training programs are in progress for the neediest. "The problems still untouched are coordination [on] providing . . . jobs, and better access to those jobs available in the rest of the region."

Philadelphia: "The tragedy of many of the manpower programs in the United States today is that too much emphasis is placed on training for mythical jobs. The result is disillusionment and a high rate of dropouts among students, as well as nearly complete failure for the training program."

Reform is needed to "take frustration out of training by focusing on desirable and attainable jobs for those presently underemployed and unemployed."

Washington, D.C.: There are 300 manpower-related programs in the metropolitan area, including 261 operating with public funds, with a range including remedial and basic education, testing, counseling, training, retraining, placement, transportation, housing and budget assistance.

There have been attempts to pull their efforts together under a Labor Department program called Cooperative Area Manpower System, but "as yet there seems to be little tangible evidence that individual agencies are cooperating."

The Washington report pointedly states: "There is no system through which . . . information can flow allowing current and prospective trainees to know what training opportunities exist, what qualifications are needed, and what can be expected in the way of jobs following training."

Gary, Ind.: "Communications between agencies, agencies and employers, and both groups and the unions, is almost nonexistent, making coordination of efforts, creation of any effective programs, and long-range planning impossible."

Pooling makes little splash

Problems even beset what supporters once regarded as a hopeful experiment in combating "hardening of the categories," the Concentrated Employment Program. Under this, local agencies, including the poverty program's community action groups, could pool antipoverty and manpower training funds.

The idea was to place under one roof all the manpower programs and services necessary, as the Labor Department explains it, "to help an individual move from unemployment and dependency to self-sufficiency."

Regarded as minimally successful by insiders, CEP was hampered by local sponsoring agencies' lack of abilities to manage complex, large-scale programs and later by internal mismanagement.

An independent, outside firm analyzed CEP operations and added: "Two other factors also worked against a genuine commitment to a cooperative effort by participating agencies: agency 'pride' or autonomy, and agency policies and practices. . . .

"Consequently, most participating

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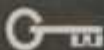
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Tangling With the Manpower Tangle *continued*

agencies agreed to yield some sovereignty in exchange for a 'piece of the action' and then worked overtly and covertly to retrieve whatever autonomy they had been obliged to sacrifice."

Such criticism is mild compared to Assistant Labor Secretary Arnold Weber's report to Secretary Shultz concerning "mismanagement, misuse of federal funds, extortion, physical violence and gangsterism" that occasioned the shutdown of a CEP project in East St. Louis last year.

The CEP headquarters was a notorious hangout for two prominent gangs, leading to pistol whippings and threats against personnel and enrollees. Enrollees carried guns. An employee of a subcontractor, Westinghouse Learning Corp., was shot at and another beaten by gang members demanding that checks totaling \$1,500 be made over to them.

An FBI report linked some project personnel to the Mafia, partially on the basis of government-financed toll calls to the home of a reputed rackets figure. The whole project has been shifted to the jurisdiction of the state employment service.

The Nixon plan

To reform the system, the Nixon Administration wants to concentrate most manpower funds in one pot in Washington, eliminating a number of "categorical" programs. Most of the money would be allocated to localities through the states on a timetable reflecting their readiness to take over.

A governor would be responsible for establishing a comprehensive manpower agency and planning committee fully representative of all agencies and groups within a state. He would designate a local "prime sponsor" to do essentially the same thing at the metropolitan area level in consultation with mayors concerned.

The governor would submit a continually updated state manpower plan reflecting the needs and desires of the metropolitan areas. Washington's new role would consist mainly of approving plans and monitoring to assure adherence to them.

The local sponsor could be a public agency or private groups and would be responsible for carrying out a coordinated plan at the local level.

To assure equitable distribution of

funds, the Administration proposal before Congress contains a provision requiring governors to allocate funds under a formula based on size of work force and disadvantaged population in an area relative to state totals.

The governor would retain special responsibility for programs affecting nonmetropolitan areas which also would be covered in state-wide plans.

Additional provisions standardize wages and allowances allowed enrollees—aimed at ending the practice whereby some trainees shop around for programs offering the most in immediate dollar return rather than long-term benefit.

The Secretary of Labor retains 20 per cent of the manpower funds for special operations, including direct funding of projects in states where local or state authorities fail to assume their responsibilities. Also included are special incentive funds to reward states for outstanding performance.

A bill sponsored by Rep. Sam Steiger of Arizona closely parallels the Administration plan, sponsored by Sen. Jacob Javits of New York and Rep. William Ayres of Ohio, but differs principally in placing near total reliance on the states and in providing no built-in assurance of a role for mayors.

Another bill proposed by Rep. James O'Hara of Michigan would concentrate manpower authority totally in the office of the Secretary of Labor and calls for a massive program of federally funded jobs in the public sector.

Issues to be resolved

Congressional action of some type on the manpower programs is likely later this year. Both Senate and House committees have taken to the road for hearings on manpower reform and these likely will continue through the spring. Early testimony suggests several key issues to be resolved:

- The role of state government. Jack Conway, former head of the AFL-CIO's Industrial Unions Department and later head of the poverty program's community action programs, blasted state governments at a Senate hearing as "handicapped by obsolete state constitutions, . . . crippled by ancient bureaucracies."

Countered Wisconsin Sen. Gaylord

Nelson: "In the past 20 years, it has changed, and I think the state governments have more responsibility now than they ever did in the history of this country, really, if you measure functions performed and dollars spent."

Secretary Shultz has cited a new state manpower council in Utah, a comprehensive human resources department at cabinet level in California and related developments in other states including Oregon, Michigan and Illinois.

- The role of the mayors. They could be bypassed under both the O'Hara and Steiger bills. But observers like Dr. Levitan argue for vesting more authority in elected officials and in Cleveland, Ralph Gregory, associate director of a group called the Manpower Planning and Development Commission, notes the thrust given the JEC by Mr. Stokes. "It's now sanctioned by the person who has control over one third of the program money—the mayor."

- The role of state employment services. These have been criticized by advocates of the poor as too employer-oriented and unresponsive to the needs of urban minorities. Business has complained of their moving into the area of professional and technical personnel.

Critics of the legislation fear they will have too large a role. Its supporters argue that the situation is changing in some states, and the remaining problems stem from the fact that the services—federally funded but state staffed—have been too independent. The Administration's bill would make them fully accountable to the governor, who would gain a measure of control over the manpower funds they administer.

Still another issue to be resolved is public service employment, embodied in the O'Hara bill and favored by Sen. Nelson, Senate manpower subcommittee chairman, and also Sen. Javits, as well as Rep. O'Hara on the House side. The Administration has argued that reforms of state and local government hiring practices should meet this need, though there have been hints that it may be willing to compromise. **END**

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"Doing it" for the six-foot, four-inch, 72-year-old chairman of the Executive Committee of Pitney-Bowes, Inc., has meant a personal and business life which has had elements of an adventure novel.

He left Harvard for six months in 1916 to drive an ambulance for the French in World War I, returned to college and was elected captain of the football team that fall, then joined the Navy when the United States entered the war. He won a Navy Cross commanding a submarine chaser unit in the Adriatic.

At 22, he turned down an offer to join AT&T's first executive training course to go with the small firm in which his stepfather, Walter H. Bowes, and Arthur Pitney had combined to push a dream: Manufacturing a machine that would free business

from the chore of hand-stamping letters and parcels.

Shortly afterward, he gave a demonstration that created a new industry—metered mail, which has become the largest single source of U. S. postage revenue, over \$2.5 billion annually.

At 27, after a successful sales experience, he found himself running Pitney-Bowes, a company that now does more than \$220 million of diversified business a year around the world.

When the grim Depression of the Thirties forced him to lay off workers, he became a vocal agitator for business to assume a "social responsibility." And he voted for Socialist Norman Thomas for President in 1932 as a public protest to what he termed the "shocking neglect" of human needs by both major political parties.

A member of the prestigious Business Council for 32 years, and active in a large number of civic, international and business organizations, Mr. Wheeler stepped down as chair-

man of the board of Pitney-Bowes in 1969.

His spacious office in Stamford, Conn., is adorned with pictures of his four racing yachts, the *Cotton Blossoms* I through IV (he's a veteran salt water sportsman who's competed a half dozen times in the Bermuda sailing races) and mementos including his pay checks as the dollar-a-year War Production Board New England regional director in World War II (one check is for 29 cents—for a portion of a year's work).

When he talks about his life and his half-century with Pitney-Bowes, as he did with a *NATION'S BUSINESS* editor, the conversation is spiced with such slices of history as recollections of deposed Soviet dictator Nikita Khrushchev and of President Franklin Delano Roosevelt.

How did you feel as a 23-year-old knowing the fate of metered mail depended upon your demonstration to postal officials?

I was a bit jittery. Of course, I knew the machine pretty well. I had



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Walter H. Wheeler

continued

worked on it and I had been an inspector for the stamp canceling machines we manufactured. I was always more or less mechanically inclined.

Why were you selected to give the demonstration?

You have to understand that Pitney and Bowes were two men of totally different temperaments. Bowes was a humdinger of a salesman and promoter, and had started the old Universal Stamping Machine Co., predecessor of Pitney-Bowes. Pitney, on the other hand, was a very imaginative but introspective kind of man, and very sensitive. They didn't hit it off at all. No one could decide whether Pitney or Bowes should demonstrate the machine. Both were founders of the company. I was a neutral young fellow, I guess, so they picked on me.

We sent the machine on ahead to Washington, but Pitney carried the meter that attached to it. Going down on the train to Washington they got into a terrific argument and when we arrived, Pitney got off and just plain disappeared with the meter. Bowes and I didn't know where he had gone and here we had a demonstration set up for a group of postal officials at 11 the next morning.

So I spent half the night telephoning around to the different hotels and I finally located Pitney, woke him up and came around and talked to him. We got hold of Bowes, and we all had breakfast together and went on to the demonstration. The roughest part of that demonstration was that I didn't know up until the last minute whether I would have the meter to put on the machine.

You hadn't been with the company very long at that time, had you?

I came to the company in July, 1919, right out of the Navy. The thing that intrigued me was this idea of a postage meter. It was a very small company then, only about 50 people. And without that, it didn't offer much promise. I was debating what to do. I had a chance to go into one of the first training courses of AT&T, but I finally decided on this one. We spent a couple of years designing the machine.

Pitney, who had had a company in Chicago, worked with our chief

engineer. The new machine was finally approved in 1921.

I understand that although you never finished your studies at Harvard, it gave you a degree.

I've always been a bit lucky. Getting my degree was the easiest thing in the world. I went up to a Harvard-Yale football game about 1922. I had found out I could get credits from the heads of the various departments based on what I had learned in my Navy career, like navigation, ordnance, French, etc. If I got those credits, I might pile up enough to get a regular A.B. degree.

It turned out that Saturday morning it was pouring sheets of rain and I didn't have a raincoat and couldn't get any. They were all gone. But I trudged all over Cambridge calling on the heads of the departments. As I look back on it, I think they took pity on me and thought any youngster who would trudge around in all that rain and mud getting soaking wet ought not to be turned down. They all came through and gave me my credits and I got my degree.

Didn't you volunteer to go to France as an ambulance driver before we got into World War I?

I didn't play football in my sophomore year at Harvard—I had split a cartilage in my knee in freshman football—and I was a little restless. With the talk of the war—and the American Ambulance Field Service having a lot of Harvard people raising money and recruiting drivers—I got steamed up. I went over with a classmate. We worked our way on a horse boat for the very simple reason that our families wouldn't give us the funds to pay our passage. They didn't approve of what we were doing. I was in France about six months driving an ambulance and then I came back and went out for the football team that fall.

Then you joined the Navy?

Yes. I went back to college in September and the following spring we were in the war and I joined at the beginning.

You ended up commanding a unit of submarine chasers. That was pretty unusual for a young officer, wasn't it?

Well, I'll tell you, when you look

back at how things happened then, they all were pretty fantastic. I was in the infantry ROTC at Harvard and a Navy lieutenant came around and told us about the need for crews to man converted yachts for patrol work. He said the minute we were in the war, submarines were going to raise hell with our shipping. The Navy wanted small patrol boats and crews to man them.

I knew something about the water because my father had a boat and I had sailed quite a bit. So I organized a crew. They were mostly classmates, and fellows who played football with me. We elected our own ratings. I was the one who had instigated the thing and I was captain-elect of the football team, so they made me commanding officer.

We all marched down to the Brooklyn Navy Yard together and they led those who were applying for a commission one way and those who were going to be deckhands or petty officers another. A commander asked me a few questions about boats and coastwise navigation and I got my commission then and there.

After about two weeks we wanted to know why we weren't called into active service. It turned out they didn't have any boats for us. We had an indignation meeting one Sunday night in Boston at the home of one of the crew, an able-bodied seaman, Ellisson. We were bemoaning the situation and this chap's father, who was a wealthy shoe merchant, was listening. He was very patriotic and he said, "I'll take care of that for you."

So he stepped out Monday morning and bought a 110-foot steam yacht called the *Talofa* and turned it over to the Navy on condition that our crew would be called into the Navy on active duty. Within 10 days we had converted the *Talofa* and were guarding the nets at the entrance to Boston Harbor.

When did you switch to subchasers?

That fall I was sent to Annapolis for the first Navy course they put on for reserve officers, the "90-day wonder" course as it was called later. I had a promise I would get a commission in the regular Navy, only it would be temporary. I put in for a small boats assignment and was sent down to New Orleans to get a submarine chaser that was being built



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Lessons of Leadership: Walter H. Wheeler *continued*

there. I got married while I was waiting for the ship.

I remember we set the wedding day for the day after payday. When I went to get my pay it was \$50 shy. We had counted on every last dollar so I wanted to know what was wrong. The paymaster said I was having \$50 deducted for three months because I was in the regular Navy now and it didn't give a uniform allowance. When I'd joined the Reserves, I'd gotten \$150 for uniforms and now they were taking it back. God, that was rough news. But I borrowed \$50 from a good friend. He not only loaned me \$50, but a Stutz Bearcat, too.

You know, a lawyer later took that uniform allowance business up for us. I remember signing some forms and sometime in the mid-Thirties, damned if a check for \$35.29 didn't come through. It was my refund for the allowance, less the expenses of the suit. My wife and I bought a lamp with it.

It's been said that when the Depression came along, you had a transformation of conscience as a businessman.

Well, I don't know whether you'd call it a transformation. I had an awareness of the situation thrust on me. I had never thought too deeply about social questions; I was just going along and doing things expected of me, and everything seemed fine. And then along came the Depression. I was general manager of Pitney-Bowes then and we had to let a few people go. A very few, but it was a pretty heartbreaking experience.

So I became acutely aware of what these fellows were up against—there was no real relief at that time. The only thing was town relief, a bread line sort of thing. These fellows didn't want relief. They wanted to work. Some, in talking with me, would break down and cry because they couldn't get a job to support their wives and kids. This really got under my belt. And this is when I became aware of what that kind of a problem was and I never got over it.

I was running a Community Chest campaign the next year and we got the town to agree to match dollar for dollar anything we raised over our normal goal for a program of work relief. But we only barely made our goal. Later the first federal program of work relief came along under the Civil Works Administration. That came through the states. We had a state commission here on unemployment and I had been a member of it. I was appointed administrator for the Stamford area for the CWA program. I organized a local committee and, working with the town selectmen and the town engineers, we put about 500 people to work. I get a great kick now when I drive around town and see culverts and parks and retaining walls we built then.

This lasted a couple of years and then WPA came in. It was on a much larger scale, but it went a bit political, and called for a full-time administrator, so I got out of it.

Is it true you voted for Norman Thomas in 1932 as a protest?

Yes, that is true. I said so publicly at the time. I was just shocked by the attitude of most businessmen about these problems. I wanted business to wake up and realize what its responsibilities were.

And I can tell you something now. If one encouraging thing stands out in my business lifetime, it is the

change that has taken place in the attitude of the average businessman toward the social responsibilities of business. Lord, what is written and said by officers and directors of business organizations today! Some wanted to ride me out of Stamford on a rail because I said the same thing back then.

You were considered quite a radical?

I sure was, but by today's standards, I'm beginning to feel sometimes a bit like a conservative.

Businessmen are very heavily involved in trying to solve social problems today, aren't they?

They surely are and are spending stockholders' money to get something done—in the long-range interest of capitalism and free enterprise.

Do you think they can be successful?

Yes, I do. I think that is the great hope of the country. I am sure business realizes that it just can't function in a country which is torn up the way this country has been torn up, and that it has to help meet these social problems.

You became interested in the hiring of minorities during your days as the War Production Board's New England director?

That is right. We desperately needed everybody working, regardless of color, national origin or creed.

What do you think needs to be done in this area as far as business is concerned?

Just more of the many things we are doing. It's going to take a long time. No one should expect a radical change overnight. But if you look back five or 10 years and compare what is going on now, you can certainly see very great changes. Just in this plant here, we have 10 per cent black employees. A number are in supervisory positions, and some in executive management. In our field sales and service offices, 6 per cent are black.

What do you see as business's role with government?

An ever increasing and inevitable partnership. My association with the Business Council, going back 32 years, has been one of the most interesting

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things of my life. This is where I first began to see the problems of government, and a growing sense of social responsibility among businessmen. These fellows were really made cognizant of what government's problems were.

We have done a good deal of advising over the years. Cabinet members have brought some of their problems to us for comment and advice. We heard Roosevelt a lot of times in the early days. Boy, was he a spell-binder! Before we would go into the Oval Room there would be mutterings about what he was doing or planning to do.

We would sit around and he would lean back at his desk with his cigarette holder cocked up and say to one of us, "What the hell would you do, Bill? This is what the situation is. What do I do about these things?"

Well, an hour or so of that and many times we would walk out and say, "This looks quite a little bit different than we thought." It was a great education.

All of your business career you have stressed the human element in your industrial operations. Why is that?

I don't know, exactly. I can't attribute it to any one thing at all. When I was a kid, I wasn't a particularly good mixer. I was brought up in New York City and kicked around a bit because my family was able to keep me in clean shirts. One place that certainly left an impression on me was Worcester Academy where I went to boarding school.

That school didn't have the wealth or endowment of some schools. It had to take almost any kind of kid it could lay its hands on. And the result was as about complete a mixture of boys from different walks of life and different nationalities as you could get. The spirit of that school was extremely democratic. Regardless of where anybody came from, he had to have an even break.

Is there any particular reason you have never had a union at Pitney-Bowes?

Well, not because we were trying to keep out a union. I used to say over and over again to employees: "You have every right to have a union. If you do elect to have a union we will work with it. That is your choice en-

tirely." But I believed there was still an opportunity in this country for people to work out their problems on a basis of fairness without the use of pressure.

We have communicated with employees a lot at "annual jobholder" meetings, monthly meetings of our Council of Personnel Relations, and individually. They know about the business and its problems.

We've been, of course, well ahead on employee benefits. We put in a stock purchase plan back in '28, and had a pension plan before that.

I remember the first Christmas we had our head above water. I got the directors to let me go to the bank and get a bag full of \$10 gold pieces. On Christmas Eve I passed out those gold pieces to the people as they went out. And that was the last time I ever did that. They didn't object, but I don't think they liked it. Before I got through, I felt sort of sick and thought, "Who the hell are you to be passing out small gold pieces to these people?"

So we turned it around and put in a year-end bonus, dependent on operations. It's now a profit sharing plan with a "wage and salary dividend."

You helped Pitney-Bowes grow from practically zero to a more than \$200 million-a-year business. Was there any one factor that caused your growth?

Well—people, coupled with imaginative, hard, effective work. We always said to employees that they were our greatest asset, and we believed it. In the early years it was dedication to the idea of making the metered mail system survive. The first eight years of our existence were pretty shaky. We were looking for the payroll a number of times and had a number of setbacks. So much depended on our building the confidence of the Post Office Department and the confidence of the mail users. Everything we did had to be absolutely right—and no cutting of corners in any respect. We got that idea pretty well inculcated throughout the organization.

The difficulty comes when a company gets larger. When we had 300 or 400 people, I knew them all—most by first name. We developed a wonderful *esprit de corps*. It is being carried on. It is the philosophy of John Nicklis, our chairman and chief executive

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Lessons of Leadership: Walter H. Wheeler *continued*

officer, all the way through. But it is harder to do with 11,500 employees scattered in five or six plants.

You became dominant in your field but you publicly said time and again you welcomed competition.

I did. One of the things that used to make me maddest would be to meet a businessman and have him say, "Gee, you've got it easy. You've got a monopoly." That was like raising a red flag at a bull to me.

We did have a monopoly for a short while, in effect, but not for any reason other than the quality of our performance. As a matter of fact, we recognized the delicate position we were in. It was blazing a new trail entirely for the federal government to approve of something to collect its revenue which was administered and run by a private concern. But we had competition right from the beginning and never tried to kill it.

Seven other operating companies besides Pitney-Bowes had meters authorized by the Post Office Department, some right from the beginning. They are about all combined in one way or another in our chief competitor today—Singer.

You've been described quite a few different ways during your career. One is as a "doer and a talker." What would the talker part be?

Well, if I believed in something, I opened my mouth about it, made speeches about it, wrote about it.

You once said something inside a successful man keeps prodding him toward success. What did you mean?

Perseverance, I guess. But in my case it has worked just a little bit in reverse. I never was endowed with a lot of self-confidence. I mean, I have "run scared" most of my life. I've got a new proposition, a new thing that I have to do. Am I going to be up to doing it? But you've got to do it.

I think it stems back to the fact that when I was a kid, I was so big and overgrown things were expected of me that I thought I really wasn't up to and I would say, "Okay, but you've got to do it, and stick with it till you do."

Are the most successful businessmen ones who do run a little scared?

I believe this is so in many cases.

The really top business executive is a totally different breed of cat inside than a lot of junior executives, boys down the line, and the general public think he is. He is often a quiet-spoken fellow, an unassuming kind of fellow.

I've gotten a good deal of help, I think, from some talks I had years ago with Walter Gifford, who was president of AT&T.

I remember he told me that one of the hardest jobs he had—any top executive had—was to find men with a good balance of mind and morals. The experts are a dime a dozen. But to get a well-balanced human being who has imagination, but a lot of human common sense with it, who doesn't kid himself, put on a lot of airs or go off half-cocked and is persevering, is very difficult.

How big a part does a sense of humor play for an executive?

I think it's a very important thing. It's the oil or the grease of human nature. Lord help you if you can't laugh, at yourself and others. Humor was one of Khrushchev's great assets. I wish he had lasted a while longer. I think we and the Russians would have gotten along much better.

I met him with a group that visited Russia. He talked a lot about trade and I finally got in a question and asked him what he meant by "peaceful coexistence."

So he started off on a tangent and was really very amusing.

He said in effect: "Now don't you men misunderstand me. I'm not after people like you. You are the managers, you are the doers. The people I don't like are the people who are down at Palm Beach and all the other resorts just squandering money gained from other people's work, doing nothing, and living in debauchery. Those are the people I have no use for. As far as you're concerned, well, maybe you've got a millionaire or so among you, I don't know, but you'll be all right. Because come the revolution, and it sure will come in America, we'll need you badly and we'll depend on you."

What do you think is the biggest challenge for business?

To get involved in these tremendous national problems that we have and do enough about them so we can keep a balanced, stable and workable

country, and for that matter world, with ever-increasing justice for all.

Every time we don't do something voluntarily to meet a problem, we lose that much freedom. The government is going to chip it away from us.

I know you love sailing, but how else do you relax?

I used to play tennis. But sailing takes a lot of time. I try to do a bit of reading, but there's too much to read. I like to work with my hands, too.

One thing about a boat that has done a lot for me is that the minute I put my foot on it, I'm in a completely different world. It has all kinds of problems of its own. When you get back from an ocean race or cruise, you've had a complete change from everything that you've been thinking and worrying about in your normal life.

Are you optimistic?

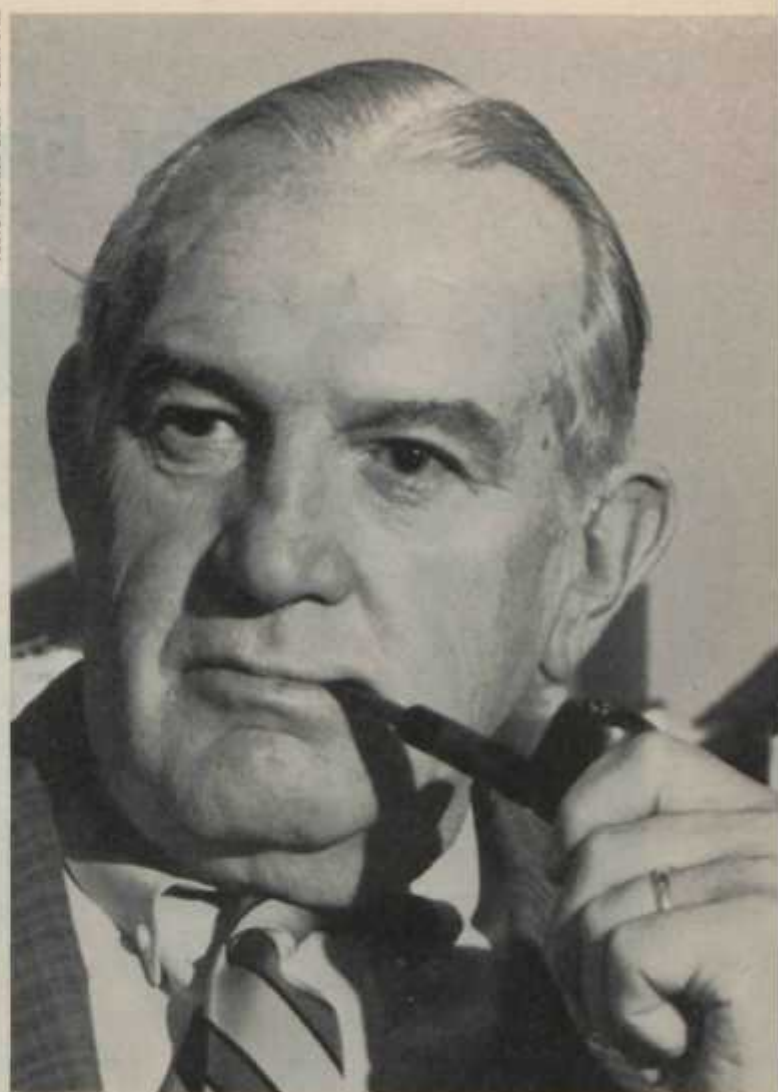
As I told you, I'm tremendously impressed by this change in the attitude of top business management toward social problems. And I believe the general public has a better understanding of them, too. I am not too disturbed by the militant confrontations and disorders we are witnessing. To me they are not unlike severe growing pains.

Yes, I think I am optimistic. One has to gauge progress not in terms of decades but centuries—in fact, ever since man first walked or crawled out of the cave. In this light it seems clear he possesses some inborn spirit that will make his further progress inevitable. While I cannot explain exactly why I am here in this world, and I cannot be sure of anything more after I have gone out of it, and there is much more I can't understand, I am grateful for the opportunity of experiencing life. I think most human beings can say that. The game may not be a perfect one, but it is better to have been a participant than not to have played at all. **END**

REPRINTS of "Lessons of Leadership: Part LVII—Walter H. Wheeler of Pitney-Bowes" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



War Production Board duties included enlisting the aid of citizens to push the switch from scarce fuel oil to other forms of heating in World War II.



Walter H. Wheeler Jr. can reflect on a personal and executive life that has had some of the elements of an adventure novel.



Scrap metal was vital in World War II and so were volunteers to man trucks to pick it up. Enlisting aid such as this was only one chore for the government's \$1-a-year executives.

Bitter Fruit in the Vineyards



Douglas Hallett, the young author of this article, learned much about the California table grape pickers' way of living and working in preparing this article. Here, he watches a man industriously pruning vines.

Douglas L. Hallett, 20, a junior at Yale, had heard much about the long struggle of Cesar Chavez and his United Farm Workers Organizing Committee, AFL-CIO, to organize the California table grape pickers—and about the boycott of California table grapes launched in 1967 to promote that struggle.

A Chavez representative spoke at Yale of “underfed, underhoused migrants slaving away for minimal wages” or being replaced by “wetbacks,” Douglas says, and “soon nobody at Yale was eating grapes and many were picketing stores.”

But Douglas, a Californian whose father is an Episcopal clergyman, also knew people who worked for grape

growers, and couldn't quite believe the situation was as painted.

He decided the way to get the truth was to obtain his information firsthand. He spent five days in Delano, an agricultural town in California's San Joaquin Valley which has been the focal point of union activity. His story of what he found follows.

The United Farm Workers Organizing Committee has headquarters in three spots: At Filipino Hall in the center of town, in a run-down house on the southern edge, and three miles out on a plot of land called “Forty Acres.” AFL-CIO support has allowed the union to build a sleek, modern gas

That, says a Yale student who went to see for himself, is what Cesar Chavez's table grape battle has produced for struggling California growers and those who willingly work for them

station, never made operational, at "Forty Acres." There UFWOC Director Cesar Chavez and his top associates have offices.

Filipino Hall was empty except for a handful of student-types preparing "strike food" for Chavez supporters. Nor was there anybody at the old house, so I drove out to "Forty Acres" in hopes of talking with Chavez or one of his chief aides about their cause.

Jim Drake, a muscular young Congregationalist minister who has the title of administrative assistant to Chavez, quickly dispelled my idea of interviewing the union leader.

"We've got to be careful," he said. "We can't let people talk to him and use what he says against him."

But Rev. Drake himself was willing to talk. Like all the union people with whom I spoke, he made no attempt to defend the claims about wages and working conditions that had been freely made 3,000 miles away at Yale.

"Miserable guys"

He conceded that the pickers were making well over \$2.40 an hour and that state legislation insured they would be covered with more protection than any agricultural labor force in the nation. But he insisted that the laws weren't being enforced and that the pickers wanted Chavez to represent them. Said he:

"What do I think about the pickers who don't strike? They're scabs and they're just miserable guys. I can hardly stand to be around them."

Arthur Salandini, a mild-mannered Catholic priest from San Diego who directs research operations for the union, argued that the growers made the strike ineffective by importing thousands of illegal Mexican workers.

Dave Averbuck, one of the union's attorneys, echoed Father Salandini.

"These people can't get a fair deal because the state and federal governments are cooperating with the growers to make sure the grapes get picked," he said.

I spent most of my time in Delano

walking through the vineyards talking with workers. Although a few with whom I talked said they had left their jobs for one or two days once or twice under union pressure, practically all agreed Chavez had little support among their fellow workers.

Hard-working, quiet people, the pickers indicated they were reluctant to talk because they feared union intimidation. They did so only after I agreed not to report their names.

I found they deeply resent Chavez's implication that they live in misery and are too naive to do anything about it without his help.

"Wages are already up," one Bianco Fruit Co. worker told me. "How come a boycott? The growers have brought wages up to what Chavez wants many times. He always raises his demands. How come? I have a house, a car."

Rather than being a migrant population, I learned, most Delano pickers are residents of the area who have year-round jobs on ranches or farms. Others are students and housewives who work only during the harvest.

The minority who come to Delano just for the picking season find clean housing with cooks and transportation to the vineyards provided free by the growers. The two migrant labor camps I visited had well-manicured lawns, private bathrooms, and even a TV room.

"Strike?" asked a Martin J. Zanovich Co. worker who had come up from Texas for the harvest. "Why? I've come here to work. If I can make \$25, or maybe \$30, a day for this season, I'll own a piece of land back home."

Although in recent years Chavez has never been able to convince more than a handful to go on strike, he does have some support among workers still picking.

I spoke with several who said they would strike if they could afford it. But their reasons for not joining the union were far more likely to include payments on a new camper than anything like fear of starvation.

"I have eight children, three in col-



"La huelga" (the strike) chief Cesar Chavez (right) set up the National Farm Workers Association in 1962. A union merger formed his current UFWOC.

lege," one worker told me. "Sure, I support Chavez, but I can't go on strike."

"I think most people want a union," added another. "But I'm making over \$125 a week. If Chavez could match it, most people would be out picketing tomorrow."

Pickers are choosy

Most workers with whom I spoke disagreed. While there is little question about the majority desiring some kind of union, few have demonstrated any interest in Chavez's.

Walkouts in 1965 led to union contracts with 11 wine grape producers. Chavez's obstructionism and his sub-

Bitter Fruit in the Vineyards *continued*

sequent inability to provide skilled workers led DiGiorgio Corp., the first to sign, and Schenley Corp. to sell all their table grape vineyards. Several others, formerly able to ship table as well as wine grapes, no longer have sufficient work forces to do so.

"Never again," one old Bianco worker told me. "I was with Chavez at DiGiorgio. They'd tell us to fill the boxes three-quarters full, wreck the boxes, work slow. We all lost out."

"What have we won if the growers go under?" another asked me. "Grapes are a luxury. People don't have to buy them. The housewife won't buy them if the price goes way up."

"You win more per hour, but then the grower has to charge more. People aren't going to pay more for grapes," said a Zaninovich worker.

I went down to Delano expecting to find that the grape ranchers' lives compared favorably with those of Southern plantation owners before the Civil War. Instead I found most grape ranches are run by poor, single-family operators whose concerns vary little from the pickers'. Many employ no labor at all.

And after spending a day with Louis and George Lucas, heirs to the vast George Lucas & Sons ranch, I learned that even the major growers have to struggle to stay in business each year.

Grape growers in a squeeze

"We'd probably do better to sell the whole thing and put the money in a savings account," Louis, a 29-year-old Notre Dame graduate who is one of the growers' most effective spokesmen, told me. "We'd make more. The way the price fluctuates you can never tell how you're coming out. At least then, we'd know."

"And it's not the boycott. That's the least of our problems. We've got to contend with the weather, the market, make sure everything's done right all the time."

Louis and his brother get up before 5 a.m. every day in the picking season so they can brief the crew chiefs and send the workers out into the vineyards soon after 6 a.m.

They spend the day moving among their crews, talking to the workers,

encouraging them, examining the grapes, telling the workers when they're handling the grapes too roughly.

The workers quit for the day around 2 or 3 p.m., and Louis and George go back to the office to supervise packing and sales until well into the evening. For their labors, they draw salaries only slightly higher than some of their foremen do. The rest goes back into the business.

"You see these grapes," Louis said, holding up a bunch from a box just packed at the end of a long row of



Without skill and hard work, table grape pickers' labors would not be very fruitful.

vines. "See how they're not shiny. That's the way we want them. We pick a quality grape and we don't get paid as much when they're glossy."

"You know how the union says we bring in strike-breakers. How could we? These are skilled jobs. We can't take just any crew. All four of the crews we've got working with us now have been with us for years. I couldn't take on somebody who didn't know what he was doing."

Too high-class?

Louis' older brother George, a heavy-set fellow who's in charge of field operations for the vineyard, came out of the rows where he was supervising a picking crew.

"Our father built this thing up by

himself, got the vines, cultivated the land, made it work," he said. "We don't want to leave, but the pressure's getting too much."

"I don't think there's a grower around here who hasn't thought of going south into Mexico. Just look over there. Thirty acres of potatoes just dug up. Market won't take 'em."

"And this damned boycott. Nobody supports Chavez after coming out here and seeing what really goes on, but you can't make anybody else believe you."

"You know, it's mostly the heat, the dirt, the outdoors; if it involves those things, people immediately think you're not being fair. What it really comes down to, though, is whether America is too high-class for agriculture."

Not all the growers feel under such pressure. John Giumarra Jr., heir to the world's largest table grape holdings, the 5,000-acre Giumarra Vineyards, Inc., of Arvin, Calif., told me the boycott's effect has been "almost imperceptible." But the harsh fact remains that while the cost of producing grapes has almost doubled, they are sold for about the same price they were a decade ago.

The sayings that are Cesar's

"We've never had any pressure from our field workers," said Bruno Disposito, one of 13 California growers who tried to negotiate with Chavez last summer. "I know some ranches have had pickers sign on for a day and leave the next so the union can get a strike certification, which, of course, takes only one striker. We haven't even had that sort of problem. But Chavez feels he has to get all the growers at once or else he won't be able to control the boycott."

Despair over their failure to attract worker support has led some of Chavez's followers to violence. Packing sheds have been burned and foremen assaulted.

But violence is discouraged by Chavez, who is an adherent of the nonviolent teachings of Gandhi and Martin Luther King Jr. Besides, the daily picket line provides enough of an outlet for most union members' emotions.

"We must work harder," Chavez was telling his small band of followers

as I walked into Filipino Hall one morning. "The scabs don't respect us. We must show them we mean business."

"Too many are going out on the line and just standing there. That's not good enough. You've got to talk to the scabs. You've got to look into their eyes."

Chavez alternated every few sentences between English and Spanish. There were some 50 people in the room—Anglos (as whites are called in the San Joaquin Valley), Filipinos, and a small number of Mexican-

Vera-Cruz, a union official, explained to me. "The right of property is exceeding all others. It's suppressing human rights. We want to restore the balance."

"Get them out of there!" another union man yelled at a foreman who had invited a group of Ohio students into the vineyards to talk with the workers. The students were staying with union members in the area.

"I only thought they might like to get both sides," the foreman chuckled after the union man rushed the students back across the picket line.

each day at a grower's. Amazingly, the pickers rarely react violently.

"Why do they say what they do?" one asked me. "I've never had any trouble and I've used pesticides."

"They've been saying these things for several years now," another picker said. "Most of these people have never picked. It's not a workers' union."

"It's a hippie union," exclaimed a third. "Look at them. They're all students. And they think they can represent me?"

In the know

"They only do this for the newspapers," said yet another. "When they're here, of course, they don't curse."

"But what they say about the sprays and the growers bringing in truckloads of Mexicans to break the strike—they know that doesn't mean anything to us. We work here; we know what's going on."

The public doesn't, though, and that fact has made the boycott Chavez's most successful organizing tool. UFWOC representatives have been sent to every major U. S. city and to Europe, and there are far more union officials outside the Delano area than there are within.

Chavez, confident of the boycott's eventual success and aware that no union will gain the workers' support without controls which will guarantee continued production, no longer pushes for federal legislation to establish election and bargaining procedures for farm workers.

Indeed, it is the growers who are encouraging Congress to pass bills which protect worker and producer alike.

The union hopes to organize the ranches without elections and without sacrifice of the devastating threat of a harvest strike.

"I've been working this ranch for years," an old man on the Zaninovich ranch told me. "It's not easy, but it's not a bad life. I've saved enough to send one of my sons to college and the other works in the city."

"I know the growers can't afford to pay out much more. And it's not going to do us any good if they sell out and stop picking grapes." END



Growers Louis (left) and George Lucas told the author the boycott was far from the only thorn in their sides. They put in long days contending with many a problem.

Americans. "Don't say, 'It's better for you in the union; you make better wages, have better working conditions.' We've tried that and it doesn't work. Tell them what the pesticides can do to them."

"Constantly be thinking of new issues, new approaches to these scabs. We've got to try everything."

As soon as Chavez had finished speaking, his followers climbed into cars and drove out to a spot along a highway where a Bianco crew had started picking.

A line was formed in front of a row of tables where part of the crew was packing grapes. Signs and flags were distributed. Bull horns began screaming.

"We've got to do this," Phillip

"But I guess after that Toronto minister who was leading the boycott in Canada came out here and then switched his views, they're afraid of losing supporters."

"You're not men!" an old woman blasted through the megaphones in rapid-fire Spanish. "You're pigs! You're ----- pigs!"

"Pesticide... going to get on your arm... kill you," a Negro picketer insisted to one of the packers.

"You nice boy, you nice boy!" Jim Drake howled at another. "You kiss your boss? You Judas! You woman! Oh? You can't be both a Judas and a woman? We'll just leave you a woman then."

The picket line continues in this vein for at least two or three hours

Brother, You Can Spare the Time



Will the businessman accept involvement in church, professional or civic activities? In politics?

Too often, feeling, perhaps, that he can't find enough time to do a good job at an extra job, he answers: "I'm just too busy." And too often, that answer is wrong.

There is an old adage to the effect that "if you want a tough job performed well, ask a busy man to do it."

On the surface, this seemingly contradictory statement makes no sense. Each of us is allotted 24 hours a day, and no matter how important a cause may be, when this time is used up, no more is available.

Nevertheless, the adage seems to hold true.

The explanation can be summed up in a single word—"organization." The busy businessman, with his special skills and abilities, can do the extra things he really wants to do, and do them well, if he organizes his time, placing first things first and making every minute count.

Each person must decide for himself where he places his values. He must determine whether to become involved and, if so, to what extent. There are many arguments for outside activities, and many against. Some will affect one individual's judgment considerably more than another's. If you evaluate these arguments carefully and honestly, in light of the particular activity you are deciding upon, you should be able to come to a reasonable decision.

You must, however, remember that overriding all arguments, pro or con, is one basic consideration: Do you really want to do it? Unless a genuine desire is there, you will only do a mediocre job, and this will neither enhance your reputation nor give you personal satisfaction. On the other hand, if you really want to become involved in some worthwhile activity, you will do so successfully.

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DRAWINGS BY CHARLES A. GURN

You should weigh the advantages and disadvantages of outside activities from at least three points of view—business considerations, family considerations and personal considerations.

Effect on business

From the business standpoint, some negative thoughts come instantly to mind.

Probably the most frequent business consideration is the fear that you might alienate customers or potential customers whose views differ from yours. This is particularly true in the case of political involvement.

Also, time may be lost from production, there may be inconvenience to clients and staff arising from time spent away from the office, and there is the possibility of preoccupation with matters not directly related to



your business. And "rustiness" may occur due to insufficient time for professional development, etc.

On the other hand, you will find most capable, responsible businessmen will admire you for being willing to take positions and become involved. Even though they may not agree with your point of view, you will do more toward earning their respect by becoming active than if you merely remain silent on public issues.

Also, outside activities will provide you with many contacts having business potential, and you subtly will create or increase public awareness of your firm.

On top of this, involvement should improve your business indirectly by helping provide a better "business climate" for your community, state and nation. And you will improve your own attitudes by broadening your fields of interest which, in turn, makes you more interesting to people with whom you do business.

Effect on family

Family considerations become a stickier problem. Even though you may decide it would be desirable for you to become involved, if your family does not agree, you will not be happy or successful in what you undertake.

Here again there is a series of arguments against becoming involved, such as increased absences from the home and less time to spend with your children, or in family discussions and family recreation.

Also, there may be occasional embarrassment to yourself and family, due to criticism in the press or from friends.

There is certain to be some loss of privacy when you become involved in public affairs and your private life becomes more exposed to public view.

And there can be some financial cost from outside activities, particularly if they involve unreimbursed travel, a considerable amount of time away from the office, etc.

On the other hand, one of the greatest family considerations is the example set for your children in good

citizenship, which will be of considerable value to them through their lives.

Absence from home activities often is more than offset by the pride your family has in your community accomplishments. These accomplishments will tend to give your family a feeling of sharing in the worthwhile things going on in your city, state and country.

Though "togetherness" will not be commonplace, occasions when the family can be together for an outing will be treasured, and much more meaningful. You and your family will learn to make the most of opportunities for being together, and you will find you are spending considerably less time in front of "the tube."

Effect on you

Both business considerations and family considerations relate to personal considerations, directly and indirectly.

Negative aspects include the point that certainly, outside activities can cut down on golf, fishing, etc., to some extent. Sometimes meetings run late into the evening and, therefore, become physically demanding and tiring. And it's possible to antagonize old and dear friends by public statements and actions.

But on the positive side, involvement in outside activities provides a tremendous opportunity to broaden one's range of interests and competence.

It provides the deep satisfaction of feeling needed in your community, and a pride in worthwhile accomplishment.

It provides many opportunities for meeting new friends outside the field in which you work.

It helps create a better community, which makes for more enjoyable and beneficial living.

And it can have the same mental therapeutic effect for you as woodworking, photography and other hobbies have for others. Outside activities bring relief from boredom with daily routine, and provide an outlet for other creative drives.

Most important of all, perhaps, men and women who hope to be considered among the leaders of the business world must do some of the leading outside their offices.

Our work often causes us to make judgments on the results of others' activities of a public nature. Let's stop being only "honored spectators, or sportswriters in the press box," and start being participants in the exciting and vastly rewarding game of creating better schools, churches, community institutions and government. If we don't, we're likely to come to the end of the game only to find that the home team, which might have won with our help, has lost.

END

REPRINTS of "Brother, You Can Spare the Time" may be obtained from *Nation's Business*, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

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will be
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☐ Please send me a copy of the Preliminary Program for the National Chamber's Annual Meeting, in Washington, April 26-28, 1970, showing the speakers and panel members, and the issues and problems to be discussed.

☐ Also—please send me hotel and ticket reservation forms.

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EDITORIAL | BAD MEDICINE

Everybody agrees our welfare system is sick, sick, sick.

Part of the Administration's proposed cure: standardized subsidy benefits to families which are "poor" even though the breadwinner is fully employed at good pay.

The diagnosis is based on two assumptions: 1) too many fathers are deserting families so they can get welfare, and 2) too many poor families are flocking to states to get on welfare where benefits are high.

The trouble is that authoritative surveys prove neither of these assumptions is true.

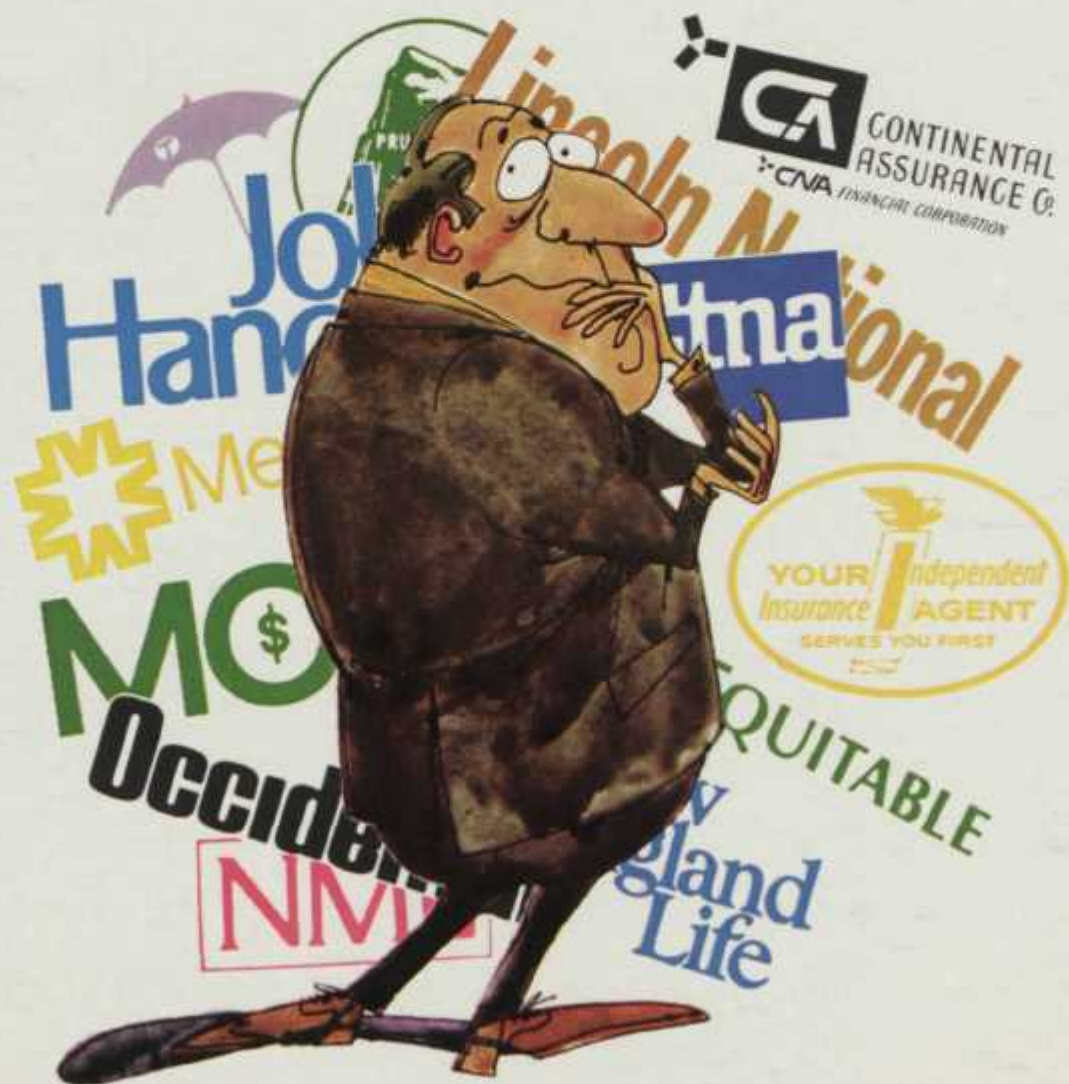
Any doctor will tell you it's not only dangerous, but even fatal, to prescribe on the basis of the wrong diagnosis.

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